

**EAST • WEST
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INSTITUTE**

United States Agency for International Development

FINAL REPORT

MOLDOVA

MOLDOVAN ACCOUNTING REFORM PROJECT (MARP)

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8. ANNEXED AUDIT MATERIALS:

- AU # 1 ENG/RUS** **National standards on auditing and Code of professional Conduct for auditors and accountants of the Republic of Moldova (official text)**
- AU # 2 ENG/RUS** **Training materials on “Audits of financial statements in accordance with National Standards on Auditing” (Lecture Notes)**
- AU # 3 ENG/RUS** **Training materials on “Audits of financial statements in accordance with National Standards on Auditing” (Distribution materials)**

9. ANNEXED PUBLICATIONS:

- PUB # 1**
ROM/RUS/ENG **THE NEW ACCOUNTING SYSTEM FOR BUSINESS ENTITIES OF THE REPUBLIC OF MOLDOVA: Vol. 1 “CONVERSION METHODOLOGY. NAS IMPLEMENTATION”** *in Romanian (432 pages), Russian (454 pages) and English (371 pages), 1998*
- PUB # 2**
ROM/RUS/ENG **THE NEW ACCOUNTING SYSTEM FOR BUSINESS ENTITIES OF THE REPUBLIC OF MOLDOVA: Vol. 2 “TAX ACCOUNTING. FINANCIAL DISCLOSURE AND VAT REPORTING”** *in Romanian (399 pages), Russian (448 pages) and English (332 pages), 1999*
- PUB # 3**
ROM/RUS/ENG **METHODOLOGY OF CONVERSION TO THE NEW ACCOUNTING SYSTEM. PREPARATION AND ANALYSIS OF FINANCIAL STATEMENTS:** *in 1998 available in Romanian and Russian and English (233 pages)*
- PUB # 4**
ROM/RUS **PROCEDURES ON PREPARATION AND PRESENTATION OF INCOME TAX DECLARATION OF INDIVIDUALS INVOLVED IN ENTREPRENEURIAL ACTIVITY:** *in 1999 available in Romanian and Russian (58 pages)*
- PUB # 5**
RUS/ENG **HOW TO AVOID ERRORS IN CALCULATING ENTERPRISE INCOME TAX AND ITS RECOGNITION IN ACCOUNTING:** *in 2000 available in Russian and English (175 pages)*
- PUB # 6**
ROM/RUS/ENG **MANAGERIAL ACCOUNTING - PRACTICAL GUIDE:** *in 2000 available in Romanian (264 pages), Russian (272 pages) and English (262 pages)*
- PUB # 7**
ROM/RUS **FINANCIAL ACCOUNTING: Manual for students,** *in Romanian (440 pages) – 1999 and Russian (480 pages) – 2000*
- PUB # 8**
ROM/RUS **PRESENTATION OF FINANCIAL REPORTS BASED ON A CASE STUDY. Guide for beginners:** *in 1999, updated in 2000 available in Romanian and Russian (220 pages)*
- PUB # 9**
ROM/RUS **ADVANCED FINANCIAL ACCOUNTING:** *in 1999 available in Romanian and Russian (110 pages)*
- PUB # 10**
ROM/RUS **ADVANCED AUDIT:** *in 1999 available in Romanian and Russian (109 pages)*
- PUB # 11**
ROM **GUIDE FOR STUDENTS “AUDIT”:** *in 1999 available in Romanian (205 pages)*

PUB # 12 RUS	FINANCIAL MANAGEMENT: <i>in 1999 available in Russian (97 pages)</i>
PUB # 13 ROM/RUS/ENG	BUSINESS LAW: <i>in 1999, and updated in 2000 available in Romanian, Russian (200 pages) and English (117 pages)</i>
PUB # 14 RUS	COMPUTER SKILLS: <i>in 1999 available in Russian (64 pages)</i>
PUB # 15 RUS/ENG	GUIDE FOR GENERAL DIRECTORS “WHY MOLDOVAN GENERAL MANAGERS NEED THE NEW ACCOUNTING SYSTEM”: <i>in 1998, available in Russian and English (33 pages)</i>
PUB # 16 RUS/ENG	HOW TO READ A FINANCIAL REPORT: <i>in 1998, available in Russian and English (54 pages)</i>

Accounting and Auditing Reform in Moldova

Moldovan Accounting Reform Project (MARP)

*Sponsored by the United States Agency for International Development and
Managed by East-West Management Institute*

1. BRIEF DESCRIPTION

The Republic of Moldova is committed to adopting international accounting and auditing standards. While this is not an easy process – indeed, it requires nothing less than a full-scale reorganization of the way companies and individuals do business – its success is critical to the Moldovan economy. In the apt words of Moldova’s Minister of Finance Mihail Manoli, “accounting reform and the ... [use of] international standards will create favorable conditions for capital markets development, investment, and the integration of Moldova into the world economy.”

The USAID Moldovan Accounting Reform Project (MARP), managed by East West Management Institute (EWMI), an affiliate of the Soros Foundations Network, began its activities on March 16, 1998 and was completed on December 31, 2000. The original fifteen-month task order was extended under a no-cost extension for over eleven additional months and then funded under a contract modification for an additional seven months. In particular, the contractor’s cost effective management of limited USAID resources allowed for increased impact. Most significant savings were achieved through management of expatriate LOE. Original budgeted LOE was 1108 expatriate days for fifteen months. The final expatriate LOE used after almost thirty-four months was less than 1200 expatriate days.

This project began at a time in which Moldova had acquired a deserved reputation for being a reform leader in the former Soviet Union. The United States and USAID, along with other international donor agencies had consistently supported Moldova’s reforms, the following of which were quite important in laying the groundwork for this new project:

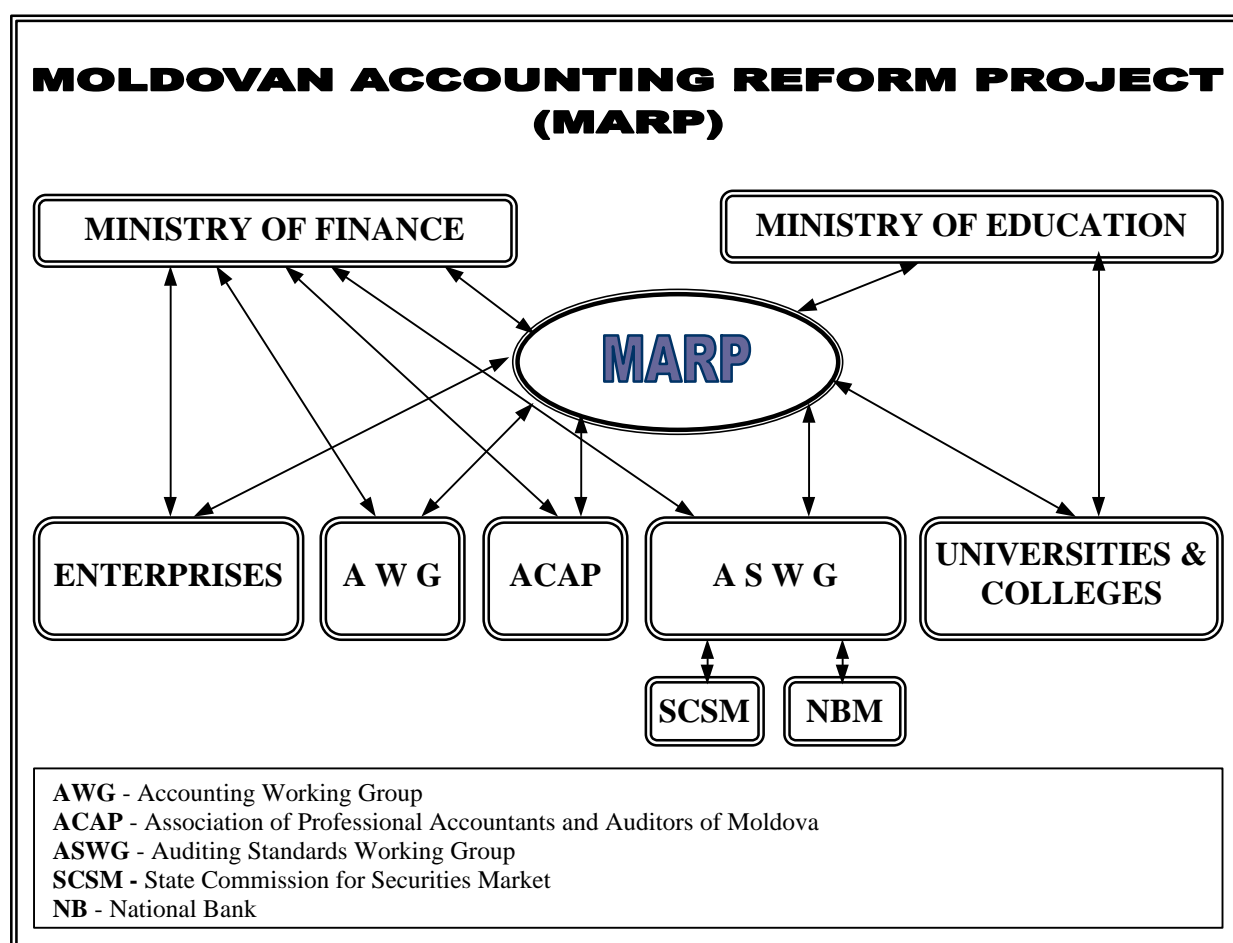
- USAID Moldova Capacity Building to Develop the Commercial Viability of Privatized Enterprises (Roll-out Project) (CBPEN – ECV) and its predecessor pilot project from November 1995 through August 1997 managed by East West Management Institute.
- USAID Accounting Reform Project, which took place from March 1996 through February 1997 managed by Arthur Andersen.
- World Bank - Accounting Reform Project, which took place from August 1996 through October 1997 managed by PriceWaterhouse.

The MARP COP for EWMI was Mike Neider (MN) who had originally began work in Moldova as the COP for the USAID Privatization Project and had followed on as the Deputy Director of the above noted USAID CBPEN – ECV project. MN had at the beginning of MARP, a networking of quality working relationships built over time with many business and government leaders, locally trained professionals, along with a host of other internationally financed projects. MN with his unique management style and a number of short-term advisors, continued development of this networking to work towards one commonly shared goal: ***“The development of a sustainable accounting and auditing profession in the Republic of Moldova.”***

This common goal among all, “*The development of a sustainable accounting and auditing profession in the Republic of Moldova*” directed USAID/MARP, managed by EWMI to use the following three-pronged approach:

- Drafting and implementing new accounting and auditing standards based on international practices, and promoting these new standards through coordinated public education activities;
- Building a self-sustaining association recognized by government to promote accounting and auditing principles and to train and support professionals; and,
- Developing new accounting and auditing curriculums with institutions of higher learning to insure long-term professional capacity.

Visualizing this approach you begin to understand the networking and communication necessary for Moldova’s accounting reform initiative to be successful, as the following:



2. BACKGROUND

In March 1998, the status of accounting reform in the Republic of Moldova and how this shaped the direction of MARP in achieving its objectives using its three-pronged approach was in an infancy stage. Though each of these three main goals was in their own way distinctly different, to not achieve one of them would have an effect on the ultimate goal of “*The development of a sustainable accounting and auditing profession in the Republic of Moldova*”. Briefly the following is provided as an understanding of the status in March 1998 and the issues which faced each of these goals.

A. Draft and implement new accounting and auditing standards based on international practices, and promote these new standards through coordinated public education activities.

NEW ACCOUNTING STANDARDS AND THEIR IMPLEMENTATION

In March 1998 the Ministry of Finance (MOF) desperately needed support in implementing National Accounting Standards (NAS). The first twelve NAS, which were based on International Accounting Standards (IAS), were promulgated on December 30, 1997, with an effective date of January 1, 1998. The MOF/Department of Statistics Decision, which states that the 1st quarter, 1998 financial statements will be in compliance with NAS and were due by April 20, 1998. If the financial statements were not received by this deadline, fines would be levied. The situation in the conversion was one of panic. Enterprises were attempting to flounder through the process with little to no success. All predictions were that this deadline would be extended, but we didn’t believe the extension would be significant.

Issues: In the short-term there were two issues that needed to be addressed immediately.

- Numerous meetings had been held with the MOF and USAID to develop this task order over the previous year. The MOF had been waiting patiently for implementing the NAS at pilot enterprises so that a Methodology for Conversion Manual could be developed. Through no fault of anyone, this task order had taken a great deal longer than originally anticipated.
- There was total lack of knowledge in regard to how to make the conversion from the old system to the new system.

NEW AUDITING STANDARDS AND THEIR IMPLEMENTATION

The formal commencement of the audit industry in Moldova dates back to early 90s when the first few audit firms came to existence. From the very start, the audit profession was artificially distinguished from the accounting profession. Among the reasons for the distinction was the traditional perception of the “soviet” accountant as a mere bookkeeper. The “newborn” auditors claimed to be a distinct profession in itself rather than a branch within a more general accountancy profession. Notably, most Moldovan auditors came out of either accountants/economists or state inspectors (revisers). The latter group was involved during the Soviet era in activities somewhat similar to compliance auditing. The liberalization of economy and privatization processes led to growing demand for independent reviews of financial statements. Thus, former accountants and state inspectors became auditors and started the industry, which was not specifically regulated until mid 90s. The Moldovan Parliament passed the Law on Accounting in 1995 and the Law on Auditing in 1996. The two laws represented the basic legal and regulatory framework of Accounting and Auditing until the adoption of the National Accounting Standards (NAS) at the end of 1997.

Issues: In March 1998 there were a number of issues that faced MARP if they were to implement new auditing standards.

- The auditing industry first would have to come to grips with the new National Accounting Standards and their implementation in 1998. They needed to have a thorough understanding of financial accounting before they would be able to adopt ISA.
- There was limited understanding and desire on the part of the audit industry as to why it was important for them to adopt ISA. There was a need for a large amount of public education.
- The 36 International Standards on Auditing (ISA) (350 pages) would need to be translated into Romanian and Russian. The ISA provide for adaptation by each country and these 36 standards would have to be all individually digested and adapted to Moldova.

B. Build a self-sustaining association that is recognized by government to promote accounting and auditing principles that will train and support professionals.

Under a USAID Accounting reform project, which took place from March 1996 through February 1997 managed by Arthur Andersen, significant achievements were made in setting in motion and creating a favorable environment supportive of accounting reform in Moldova. This effort began with the creation of the Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP) registered with the Ministry of Justice on August 16, 1996.

To create this entity significant efforts were required to obtain the Charter, develop its By-laws, membership applications, establish individual committee objectives, design a logo, and set annual dues and registration fees. An Executive Director, Assistant Executive Director, and a Secretary supported the activities of ACAP.

In addition in 1996 and 1997 technical assistance was provided to ACAP to develop its organizational management skills, professional development, training and network building. As part of its institutional development, a Strategic Plan and an Association Budget for 1997 were developed with sources of revenue being derived primarily from its membership base, training and affinity programs. As of March 1998 its membership had shown rapid growth from 31 founders in August 1996 to 300 members.

Issues: There were numerous issues that surfaced in March 1998 that made it quite apparent that there was a lot of work that would need to be done if we were going to be successful in developing a self-sustaining association that was recognized by Government. The most troubling at this time, which needed immediate attention, were the following:

- The Association had not yet achieved operational or financial short-term sustainability. It had been a year since ACAP had received any donor assistance. They were struggling to keep their head above water. Revenue derived from its membership base, training and the affinity programs were not sufficient as originally projected in the 1997 budget. If EWMI hadn't stepped in and given them a grant for rent and salaries in late 1997, they would have been forced to cease operations.
- There was enormous amount of tension and animosity towards ACAP from the academic community and the Government. There were many opinions as to how this had come about. However in the final analysis, it didn't matter who was to blame, it existed, and if MARP was to be successful then it must be rectified.
- The certification program, which had been developed in early 1997, had been discontinued.

C. Develop a new accounting and auditing curriculums at institutions of higher learning to insure long-term professional capacity of the profession.

In March 1998 after several meetings with local ACAP board members, Vice Ministers of Finance and Education, the Accounting Working Group members, and several of the accounting professors at 3 year colleges and 5 year universities, it became obvious that the Accounting Working Group (AWG) members were the most advanced in western accounting knowledge, but that it was limited. These AWG members had previously written the 12 newly adopted National Accounting Standards (NAS) and had a fair theoretical working knowledge of the standards, but very little knowledge of how to apply these standards in practice. MARP therefore decided it would need to start our academic training program for professors of accounting at the beginning level.

In addition, we had discussions with several practitioners, where it quickly became evident that they had better practical bookkeeping knowledge than the professors, but that their knowledge was still based on Russian bookkeeping. As for their theoretical knowledge of Western accounting practices, it can be described as minimal. MARP found that there was a split between accounting practitioners and professors where each group had limited confidence in the others accounting ability. Practitioners knew the everyday procedures and professors knew the theoretical basis, and there was little common knowledge between the two groups. The training programs to be designed and implemented should bridge that gap and provide both practical and theoretical accounting knowledge to both groups.

Issue: The only real issue to MARP in their task to implement a new accounting and audit curriculum was identifying which institution of higher learning should be chosen in the undertaking.

3. EXECUTIVE SUMMARY OF KEY ACCOMPLISHMENTS

- Increased membership of ACAP from 300 to over 1600 members
- The International Federation of Accountants (IFAC), the premier world-wide organization in the accountancy profession, in 1998 accepted the Asociatia Contabililor si Auditorilor Profesioniști din Republica Moldova (ACAP) into the group as an Associate Member. Moldova's professional association is the first from the CIS to have been accepted into IFAC and the first member in the associate class, a category specifically created for professional associations from countries whose economies are in transition.
- In February 1999 ACAP Organized the First National Conference of Professional Accountants & Auditors of the Republic of Moldova. The total number of conference participants was almost 600, out of which 420 were ACAP members.
- Completed enterprise manual based on pilot enterprise engagements, which describes in great detail the conversion to NAS, maintenance of accounting system, and preparation of financial statements. 10,000 copies of this manual have been distributed. Over 700 professionals representing over 500 enterprises have been trained by MARP on these topics.
- Completed tax manual based on pilot enterprise engagements, which addresses tax accounting and reporting and annual financial statements disclosure issues. 5,000 copies of this manual have been distributed. Almost 1,000 participants representing over 700 enterprises have been trained by MARP on these topics.

- It is estimated that most enterprises of the estimated 20,000 have converted to National Accounting Standards and are making a good faith effort to maintain them. Though it is difficult to quantify how many enterprises have been directly and indirectly impacted by MARP training and publications to have reached this stage of accounting development, it is estimated to be in the range of 7,000 to 15,000 enterprises.
- 36 National Standards on Auditing based on ISA were approved by the Ministry of Finance and published in 2000.
- Code of Professional Conduct based on IFAC 2000 Technical Pronouncements – Code of Ethics has been approved by the MOF and is due for publication in 2001.
- Draft law on Audit Activity is presently awaiting final approval by Government and is included in the list of priority documents to be debated by Parliament in 2001.
- A new accounting curriculum based on experiences of numerous US accounting professors who worked with MARP as IESC volunteers was developed and approved by the Senate of the Academy of Economic Studies of Moldova (AESM) on March 25, 1999 for implementation in the Fall Semester 1999. In the Summer of 1998, 1999 and 2000 an International Program in Accounting and Auditing were given to Professors of AESM and other colleges and universities so that this new curriculum could be implemented. Professors have received almost 700 hours of instruction and are presently instructing over 7,000 students on these courses.
- Developed 2-week managerial accounting training course. Using skills developed in the classroom performed a limited agreed upon consulting engagement at 5 pilot enterprises. Lessons learned at these pilot enterprises have been used to develop “Managerial Accounting Techniques Manual” which was published in May 2000 (Russian) and December 2000 (Romanian). Have trained over 300 accountants and managers representing 228 enterprises.
- Developed and implemented certification guidelines and testing for accountants based on IFAC educational guidelines. To date there are seven certified accountants and a number of others which have passed one or two parts of the three part examination.
- In total have held 259 seminars, averaging over 50 hours each, attended by over 6,300 participants representing over 3,200 enterprises. This training has been in a number of accounting disciplines (i.e. Financial, managerial, and tax accounting, audit, ethics, financial management and business law).
- In September 2000 the University of Nebraska at Omaha (UNO) agreed to a comprehensive project proposal, concerning the relationships between AESM - UNO and EWMI/MARP in terms of development of study programs and curricula, exchange of professors and students for the envisaged period of 2001-2003.
- In October and November 2000 trained over 80% of the licensed audit firms at two 60-hour seminars - “Audit of Financial Statements According to the National Standards on Auditing”.
- Provided technical assistance to Accounting Working group on the development of an Agriculture Accounting Standard based on IASC Exposure Draft 65. In December 2000 this standard was approved and published in the “Monitorul Oficial”.

4. LESSONS LEARNED

USAID MARP in Moldova was a capacity building activity aimed at creating and developing *a sustainable accounting and auditing profession in the Republic of Moldova* that could play a critical role in USAID/Moldova strategic objective to accelerate the development and growth of private enterprises.

There were numerous issues that were present as MARP began its activity in 1998 as noted above in **Section 1: BRIEF DESCRIPTION** and **2: BACKGROUND** that have by task order completion been successfully addressed as can be seen in **Section 3: EXECUTIVE SUMMARY OF KEY ACCOMPLISHMENTS**. This was made possible due to the fact that the task order allowed for all parties involved who had a stake in achieving the ultimate goal of developing *a sustainable accounting and auditing profession in the Republic of Moldova* to be participants in the process. The task order specifications provided for a unique balance in addressing issues that were independently important to the ACAP, AESM, and GOM with those issues that were in the interest of all. Lessons learned from the previous accounting reform projects, which have been mentioned in Section 1 were developed with very specific orientation that neglected to see the ultimate objective of accounting reform as a whole and therefore were unable to address all the issues.

For all parties involved it has been a gratifying demonstration of the effectiveness of U.S. foreign assistance because of the unwavering commitment to transferring the know-how of Americans to Moldovans and that shared learning experience. In that context we believe that the capacity building objective of the project has been accomplished and will continue to be deepened as those who participated continue to develop their skills and pass this knowledge on to their future colleagues. However, though we are proud of the progress that has been made and the synergy that has been developed over the last three years, we should not forget that this accounting and audit profession which has been created from the grass roots is still in its early stages of development and will need continued technical assistance. In addition, it is our belief that materials developed during MARP can be successfully replicated elsewhere in NIS and Eastern European countries in transition. In support of our assertion are the following current examples of MARP materials being used today in other countries:

- In Ukraine, licensed auditors are being trained.
- In Romania, conversion methodology is being used.
- In Macedonia, “Why Conversion to ISA is important to Managers” is used as a model for public education.

5. DESCRIPTION OF TASKS AND THE ACHIEVEMENTS OF DELIVERABLES/ BENCHMARKS AND RESULTS

TASK 1. ACAP institutional development

As noted previously there were numerous issues that surfaced in March 1998 that made it quite apparent that there was a lot of work that would need to be done if we were going to be successful. The most troubling at this time, which needed immediate attention, were the following:

- The Association had not yet achieved financial short-term sustainability.

UPDATE: Though, ACAP still has not achieved short-term sustainability, it is well on its way in emerging from its nascent period and in the early stages of its organizational growth. Significantly and perhaps as a result, current revenues generated (i.e., revenues from

membership dues, application fees, training courses, and the sale of publications) by ACAP are insufficient to sustain it in the short term — over the next 12 months. Though the Association has taken large steps towards sustainability it is still necessary to supplement its current revenues with grant and loan support from external organizations to sustain its short-term viability.

However, we believe that *Long-Term Sustainability is still considered attainable*. ACAP is emerging from its incipient stages and is beginning to mature. Its membership has grown from 300 to over 1,600 members in the last three-year period. Indicators beyond the existence of the ACAP's physical infrastructure provide very obvious signs of this organizational maturity process. For example it should be noted that:

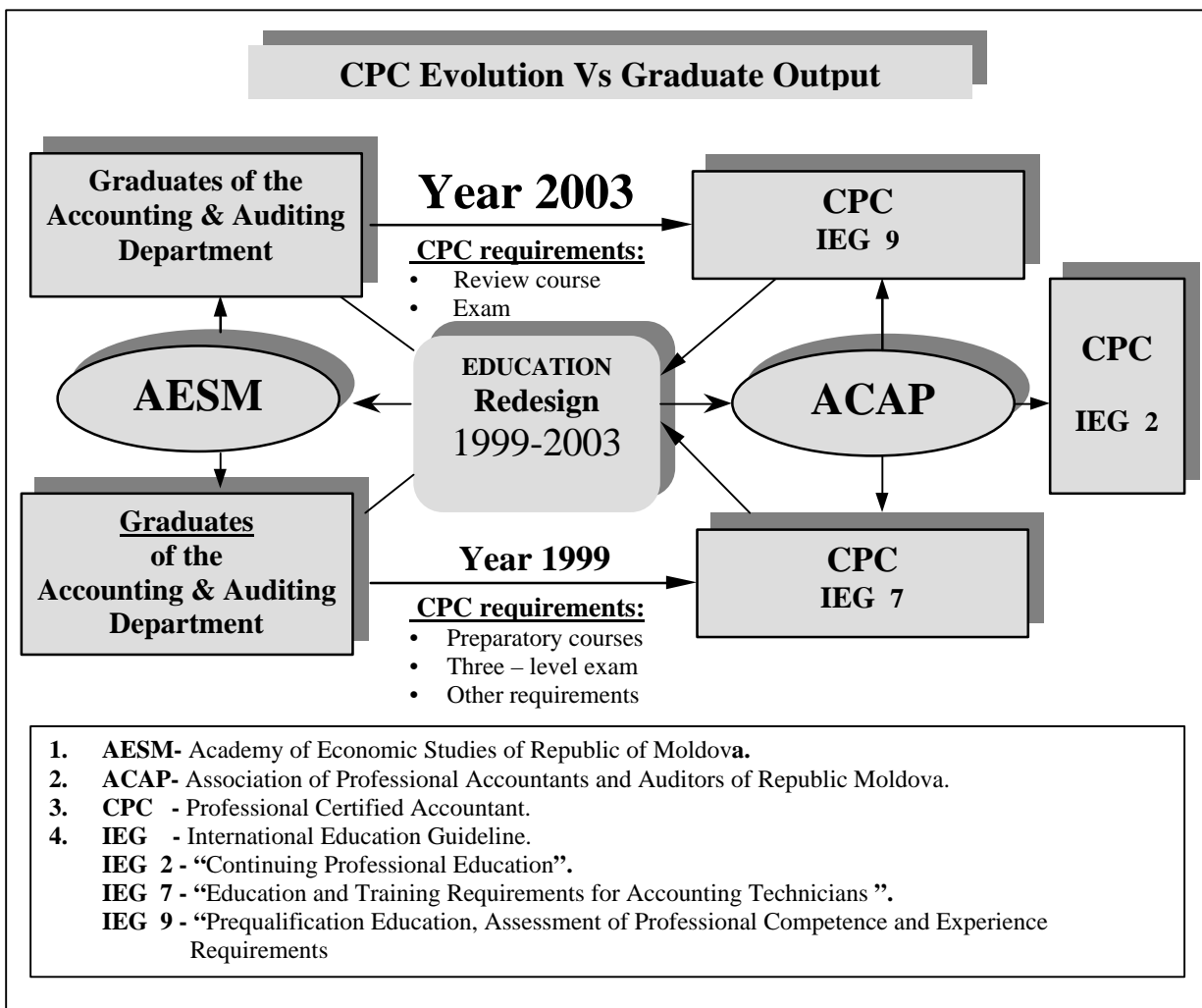
- ◆ ACAP staff is beginning to demonstrate an expertise in operational management, which ultimately should enable the staff to more efficiently, effectively, and economically manage Association activities in the future.
 - ◆ The membership at large is beginning to develop expectations and make those expectations known to ACAP. This degree of activity on the part of the membership in making modest demands on ACAP is a positive sign of a growing and deepening interest in the Association.
- There was enormous amount of tension and animosity towards ACAP from the academic community and the Government.

UPDATE: Over the last three years, ACAP's membership growth, technical leadership in the country and diverse training programs, have allowed for it to take a leading role along with the MOF and the Academy of Economic Studies (AESM) in the development of the accounting and audit profession in the Republic of Moldova. Some examples are:

- ◆ The present Law on Auditing, which is before Parliament, allows for Government recognition of ACAP's certification program.
 - ◆ ACAP is a provider of training to the State Tax Service.
 - ◆ The academic community and ACAP now work side by side in the development of training courses and in curriculum redesign. IFAC educational standards are used as a basis for both ACAP certification and AESM accounting curriculum as can be seen below in *Exhibit 1 "CPC Evolution vs Graduate Output"*.
- The certification program, which had been developed in early 1997, had been discontinued.

UPDATE: The certification program was redesigned in accordance with IFAC educational guidelines and has been given three times over the last 18-months. Presently there are seven certified professional accountants who have passed the examination and a number of others who have passed one or two parts of three-part examination. (See *Exhibit 1 "CPC Evolution vs Graduate Output"*)

Exhibit 1



(Task 1) End of Task Order Tangible Results (In addition see Attachment nr.1 for further details of ACAP:

- 1) **An established membership:** the association will have increased from its current 300 members, to at least 600 dues-paying members. (TASK COMPLETED)

Presently there are over 1600 dues paying members.

- 2) **Regular meetings:** the general association will be meeting at least once a year. (TASK COMPLETED)

In February 1999 ACAP Organized the First and National Conference of Professional Accountants & Auditors of the Republic of Moldova with the focus on the following topics:

- Accounting reform in Moldova and its impact on the economic development of the country
- Problems implementing the new accounting system
- Role of the professional accountant in the society
- Importance of independent audits
- Certification of professional accountants

There were invited representatives of the Parliament, Government of Moldova, Ministry of Finance, Ministry of Economy and other international and local organizations that have an interest in the accounting and audit profession. This first national conference was an incredible success. It provided a forum for professional accountants from all over Moldova to interact with government officials and peers. One of the high notes in this conference were comments given by:

Then Vice Minister and now Minister of Finance Mihail Manoli who stated:

“I would like to thank the USAID Moldovan Accounting Reform Project (MARP) and specifically its Manager Mike Neider, for the great contributions offered in development and implementation of National Accounting Standards in the Republic of Moldova. MARP has also contributed to the effective training of MOF and Tax Authority employees, university professors and accountants-practitioners in the fields of accounting and auditing. In addition, I would like to thank the Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP) who has also contributed significantly to the implementation of the new accounting standards and the fiscal code. Of no less importance is the impact of the Moldovan Accounting Reform Project on the development of ACAP. Thanks to ACAP and MARP’s assistance the role and importance of accountants and auditors in society has improved tremendously.”

Chief of Republican Tax Inspectorate who stated:

“I would like to thank ACAP for the significant contributions in the implementation of the NAS and the Fiscal Code.” He further went on to display a sincere wish to work with ACAP in the future and that he now believes that the time is right for him to become a member of ACAP.

- In May 2000 ACAP held its General Membership Meeting that was attended by over 400 members. The results of the meeting were:
 - The Approval of the Annual 1999-2000 Report on ACAP Board of Directors Activities;
 - The Approval of the 1999 ACAP Budget;
 - The Approval of the 2000 ACAP Budget;
 - Election of the three new members in the Board of Directors;
 - Approval of the ACAP Code of Professional Conduct.

The May 20th events hosted guests from Romania (CECCAR and University “Lucian Blaga”, Sibiu), Ukraine (International Regional Federation of Accountants and Auditors Eurasia (IRFAA Eurasia) and Azerbaijan (Court of Auditing).

- 3) **Functioning working committees: working committees including tax, financial auditing, financial accounting, managerial accounting, training, public education and membership will be meeting at least once every month, and will have annual work plans in place. (TASK COMPLETED)**

At present, ACAP has six permanent working committees, as listed below:

1. Education and training programs, public relations & publication committee
2. Certification committee
3. Membership, nominations and regional development committee
4. Legislation & standards committee
5. Finance & treasury committee
6. Ethics committee

Each month on the 3rd Wednesday the Board of Directors of ACAP meets where members of each committee reports.

4) ***Regular reporting to members:*** the association will mail at a minimum semi-annual reports to all members, which will include a financial report and reports from all the working committees (TASK COMPLETED)

5) ***Adequate support staff, equipment, materials***

Staff salaries and rent of the premises have been provided through grants to the association by USAID.

6) ***Documented operating procedures, mission statement*** (TASK COMPLETED)

The mission of the Association is to improve professional accounting and auditing in the Republic of Moldova, to provide its members with information and guidance on accounting and auditing related matters, and to help its members to render accounting and auditing related services at the highest professional level.

Operating procedures are well documented and are updated on a periodic basis.

7) ***A business plan for the year 2000.*** (TASK COMPLETED) (See Attachment nr.4.2)

8) ***A code of ethics for accountants and auditors adopted by the association.*** (TASK COMPLETED)

On May 20th, 2000 the ACAP General Membership Meeting approved the ACAP Code of Professional Conduct, which is based on IFAC Code of Ethics and AICPA Code of professional conduct. (See Attachment nr.4.3)

9) ***Revenue raising activities, such as training, publications and membership dues will be in place.*** (TASK COMPLETED)

Through implementation of the business plan numerous revenue raising activities such as the ones listed above have been put into place. However at present, these activities themselves are not sufficient short-term or for that matter long-term of the association. Though the Association has taken large steps towards sustainability it is still necessary to supplement its current revenues with grant and loan support from external organizations to sustain its short-term viability.

TASK 2. Dissemination of NAS

Tangible Result:

The contractor will complete a conversion manual, based on the pilot implementations in Task 5, for moving from statutory accounting to NAS based reporting:

Basic enterprise manual:	150 days (TASK COMPLETED) (See PUB # 1 ROM/RUS/ENG)
Tax version:	210 days (if not developed by USAID Moldovan Tax Reform Project) (TASK COMPLETED) (see PUB # 2 ROM/RUS/ENG)

Of particular significance as documented in the credits for these two manuals are:

“Reviewer: Iurie CASACU, Chief of the Department on Methodology and Direction of Accounting, Ministry of Finance.” In addition the introduction is a letter from then Vice Minister now Minister of Finance, Mihail Manoli. Minister Manoli is the Chief of Council of Experts of the Working Group for the Implementation of the New Accounting System. It is presently being utilized as a:

- User friendly guide for enterprises to follow in implementing and maintaining NAS
- Reference guide for accounting practitioners, consultants and employees of the Ministry of Finance to follow.
- Basis for ACAP training on NAS and tax.
- Textbook for a number of classes on NAS being taught at Moldovan universities.

It is estimated that most enterprises of the estimated 20,000 have converted to National Accounting Standards and are making a good faith effort to maintain them. Though it is difficult to quantify how many enterprises have been directly and indirectly impacted by MARP training and publications to have reached this stage of accounting development, it is estimated to be in the range of 7,000 to 15,000 enterprises.

Basic Enterprise Manual (See Publication nr.1 ENG/ROM/RUS)

The first initiative the project undertook was to set in motion the process of conversion to NAS at four pilot enterprises. Twelve National Accounting Standards (NAS) based on International Accounting Standards (IAS) were promulgated on December 30, 1997, with an effective date of January 1, 1998. Enterprises were attempting to flounder through the process of conversion with great difficulty. These pilot conversions were completed in late May 1998 and were the basis of a manual Volume I - “The New Accounting System in the Republic of Moldova” which addresses:

- Methodology of conversion
- Maintenance of accounting system, to include accounting for assets, liabilities, owner’s equity, costs, expenses and income
- Preparation and presentation of financial statements

This manual was completed in August 1998 and was made readily available through ACAP. It served as a guide for enterprises to follow and a training tool for ACAP. The efficient manner in which these pilot conversions and the manual were prepared was only made possible through the close cooperation with the Ministry of Finance.

Enterprise Tax Manual (See Publication nr.2 ENG/ROM/RUS)

In addition to converting to NAS, a new fiscal code was being implemented in 1998. Tax reporting for the year ended December 31, 1998 would be based on the implemented financial statements given IAW NAS. As of September 1998 a methodology for reconciling from financial income to taxable income had not been developed. This became the next big initiative for the implementation team. Based on a pilot implementation, Volume II of “The New Accounting System in the Republic of Moldova” was developed. The manual addresses tax accounting and reporting and annual financial statements disclosure issues.

TASK 3. Financial audit standards

Tangible Result:

ACAP will have adopted and published a comprehensive set of audit standards (including ethical standards) based on GAAS and/or ISA .

Benchmark:

The audit standards code will be ready for publication 210 days after the start of the task order. (TASK COMPLETED)

In March 1998 there were a number of issues that faced MARP if they were to implement new auditing standards.

- The auditing industry first would have to come to grips with the new National Accounting Standards and their implementation in 1998. They needed to have a thorough understanding of financial accounting before they would be able to adopt ISA.
- There was limited understanding and desire on the part of the audit industry as to why it was important for them to adopt ISA. There was a need for a large amount of public education.
- The 36 International Standards on Auditing (ISA) (350 pages) would need to be translated into Romanian and Russian. The ISA provide for adaptation by each country and these 36 standards would have to be all individually digested and adapted to Moldova.

In 1998 MARP activities were mainly directed at training accountants and auditors in NAS and at implementation of NAS on the enterprise level. Then in late 1998 early 1999 MARP began focusing on development of a methodology for reconciling financial income to taxable income. The next natural step in further promotion of the accountancy profession was the development of the National Standards on Auditing. In 1998 and the first half of 1999 MARP began and finished the task of translating all 36 International Standards on Auditing into Romanian and Russian. Then for about five months in 1999 (August – December) MARP Audit team engaged in preparing draft NSAs (both in Romanian and Russian) based on IFAC 1999 pronouncements. Following MARP recommendations, in January of 2000 the Ministry of Finance created the Working Group for development of the National Standards on Auditing. Three MARP team members were included in the Group. The main objectives of the Group was the development of the NSAs, the National Audit Practice Statements (NAPS), the Code of Professional conduct for accountants and auditors and the new Law on Auditing. The group met twice a week during 2000 to debate the draft Standards and make modifications necessitated by Moldovan legal environment and practice specifics.

The following results have been achieved:

- 36 NSAs based on ISAs were approved by the Ministry of Finance and published in 2000 (see list below). The National Standards on Auditing are based on 1999 and 2000 IFAC technical pronouncements. MARP assessment is that compliance with IAS is not less than 97 percent. MARP has prepared a set NSAs in English identifying all diversions and changes for easier comprehension by western users. NSAs become effective for audits of financial statements covering periods beginning on or after January 1, 2001. Early application is encouraged.
- The Code of Professional Conduct for Auditors and Accountants was approved by the Ministry of Finance and published in March of 2001 through the financial assistance of EWMI. MARP Audit team prepared an English version of the Code identifying all diversions and changes for

easier comprehension by users. The Code becomes effective starting January 1, 2002. Early application is encouraged. (See Task 1a of Contract Modification at pag.23)

- The new Draft Audit Law was developed and submitted to the Government. (See Attachment nr.5) The Law is currently awaiting approval by the Cabinet with subsequent submission to the Parliament. (See Task 1a of Contract Modification at pag.23)

Publication of the NSAs and the Code in 1999-2000 with enforcement effectively starting in 2002 gave practitioners at least one year to absorb the pronouncements and develop appropriate policies and procedures within their practices. In the fall of 2000 MARP began training of practicing auditors in the new audit standards (See Task 1c of Contract Modification at pag.25).

26 NSAs published on July 29, 2000 (See Annexed Audit Materials AU # 1)

- 110. Glossary of Terms used in NSAs
- 120. Conceptual Framework of National Standards on Auditing
- 200. Objective and General Principles Governing an Audit of F/S
- 210. Terms of Audit Engagements
- 220. Quality Control for Audit Work
- 230. Documentation
- 240. Fraud and Error
- 250. Consideration of Laws and Regulations in an Audit of F/S
- 300. Planning
- 310. Knowledge of the Business
- 320. Audit Materiality
- 400. Risk Assessments and Internal Control
- 500. Audit Evidence
- 510. Initial Engagements- Opening Balances
- 520. Analytical Procedures
- 530. Audit Sampling and Other Selective Testing Procedures
- 540. Audit of Accounting Estimates
- 550. Related Parties
- 560. Subsequent Events
- 570. Going Concern
- 580. Management Representations
- 600. Using the Work of Another Auditor
- 610. Considering the Work of Internal Auditing
- 620. Using the Work of an Expert
- 700. The Auditor's Report on F/S
- 720. Other Information in Documents Containing Audited F/S

10 NSAs published on December 29, 2000 (See Annexed Audit Materials AU # 1)

- 401. Auditing in a Computer Information Systems Environment
- 402. Audit Considerations Relating to Entities Using Service Organizations
- 501. Audit Evidence – Additional Considerations for Specific Items
- 505. External Confirmations
- 710. Comparatives
- 800. The Auditor's Report on Special Purpose Audit Engagements
- 810. The Examination of Prospective Financial Information
- 910. Engagements to Review F/S
- 920. Engagements to Perform Agreed-Upon Procedures Regarding Financial Information
- 930. Engagements to Compile Financial Information

TASK 4. Trained, tested, certified and functioning accountants and auditors

Cumulative (end of task order) tangible results:

1. Materials: Complete and tested materials for the training programs. This has been completed for all training courses developed by MARP in which thousands of students, university professors and practitioners have been trained in compliance with this task order. (See Attachment nr.7)

2. Trained and successfully tested participants:

a) certification program:

Tested: 20 (TASK COMPLETED)

Since 1999 ACAP has elaborated a new certification program that has been approved by the Board of Directors. In accordance with this program three certifications were held: December 1999, June and December 2000.

Results of the Certification Program

Participation in test	Number of participants		
	December 1999	June 2000	December 2000
All tests	17	18	12
Total participants	34	34	24
Certified * Professional Accountants	5	1	1

* Note: A number of the participants have passed one or two parts of the three-part examination.

b) Conversion training:

		<u>ACTUAL</u>	
Trainers:	30	31	(TASK COMPLETED)
Others:	150	687	(TASK COMPLETED)
			Representing 418 Enterprises

c) Tax accounting with close cooperation and coordination with USAID Moldovan Tax Reform Project:

		<u>ACTUAL</u>	
Trainers:	50	59	(TASK COMPLETED)
Others:	200	543	(TASK COMPLETED)
			Representing 483 Enterprises

TASK 5 Develop professional capacity and technical methodologies through pilot implementations

Tangible results:

Target enterprises will be using market economy accounting systems to produce financial statements and provide information for managerial accounting analyses appropriate to the enterprise. (TASK COMPLETED)

The cumulative number of these enterprises by the end of the task order: 20 (TASK COMPLETED) (SEE TASK 4 ABOVE)

After up to 150 days a conversion manual to NAS based on first four pilots will be completed. Cumulative (end of task order) tangible results: (TASK COMPLETED)

The cumulative number of these enterprises by the end of the task order: 20 (TASK COMPLETED)

It is estimated that most enterprises of the estimated 20,000 have converted to National Accounting Standards and are making a good faith effort to maintain them. As seen in Task 4 above we directly trained almost *700 participants representing over 400 enterprises* and numerous consultants who went on to provide this service directly to enterprises. In addition as noted in Task 2 above, there are over 10,000 distributed copies of the Volume I “The New System of Accounting in the Republic of Moldova” which deals with conversion and financial accounting and over 5,000 copies of Volume II which deals with tax accounting and reporting issues. *Though it is difficult to quantify how many enterprises have been directly and indirectly impacted by MARP training and publications to have reach this stage of accounting development, it is estimated to be in the range of 7,000 to 15,000 enterprises.*

TASK 6. Comprehensive accounting educational curriculum in place with qualified faculty in at least one Moldovan institution of higher education. (TASK COMPLETED)

- The Academy of Economic Studies of Moldova (AESM) was selected in spring of 1998 to help develop and implement an accounting educational curriculum. The first step in education redesign was 240 seminar “International Program in accounting and Auditing” which was offered not only to the AESM accounting faculty but also to numerous higher education universities and colleges throughout the country, as well as a number of practitioners (In total 96 graduating participants). This was given in 5 parts:

Parts I and II:	Accounting Principles and National Accounting Standards
Part III:	Managerial Cost Accounting
Part IV:	Accounting for Income Tax
Part V:	Auditing

(See Attachment nr.7.2 for details of Education redesign and training)

- In parallel to this training a new accounting curriculum based on experiences of numerous accounting professors who worked with MARP as IESC volunteers was developed and approved by the Senate of the AESM on March 25, 1999 for implementation in the Fall Semester 1999. (see Attachment nr.7.1)
- In summer of 1999 we again offered a summer training session for graduates of the previous summer's international program (In total 98 participants). It was 258 hours and given in 4 parts:

Part I:	Auditing (40 hours)
Part II:	Financial Management (46 hours)
Part III:	Advanced Accounting and New National Accounting Standards (132 hours)
Part IV:	Business Law (40 hours)

(See Attachment nr.7.2 for details of Education redesign and training)

In summer and fall of 2000 we offered training workshops for both the Academia Community and accounting practitioners. In total there was 260 lecture hours given to 417 participants in the following five sessions (See Attachment nr.7.2 for details of Education redesign and training):

1. Financial management
2. Business Law
3. Managerial accounting
4. New Accounting System (for MoF)
5. Audit of Financial Statements in conformity with NSA

- *Presently there are 2400 AESM students enrolled in the new accounting curriculum and another 3000 AESM students of other disciplines enrolled in courses from this curriculum. In addition to AESM there are 1800 students of other universities and colleges taking these new accounting curriculum courses.*

TASK 7. Improve information and awareness of users of accounting information

Cumulative (end of task order) tangible results:

Total user participants:

- a) Capital markets program: 150 (TASK COMPLETED) 200 user participants**

Developed based on Merrill Lynch brochure "How Read a Financial Statement" a brochure "How to Read a Moldovan Financial Statement". This brochure took into account the Moldovan chart of accounts and financial statements during a 2-day seminar. (See PUB # 16 ENG/RUS)

- b) Enterprise conversion program/ managerial accounting program: 150 (TASK COMPLETED) 340 user participants representing 275 enterprises.**

Developed a brochure "Why General Directors in Moldova Need the New Accounting System". (See PUB # 15 ENG/RUS). In this one-day seminar it explains the purpose of reporting based on National Accounting Standards. That the old system was designed by the government for the sole purpose of collecting, maintaining and reporting the enterprise's tax obligation and was based upon cash received and cash disbursed. This system did not provide the general management of the company with the information on the results that are needed to make day-to-day managerial

decisions. The goal of the seminar was to:

1. Educate management on why converting to NAS was an absolute necessity
2. Inform management that the accountant of today is more than a bookkeeper, but a key member of the management team. As such they need to be trained and ACAP is there to help.
3. Inform management of the power of a well-developed management reporting system. This included some basic managerial accounting concepts that are implemented for the manager to make informed decisions.

IN ADDITION TO Task 7a & 7b a number of other activities were undertaken through public education initiatives (See Attachment nr.6 “Public Education”). Some examples include:

- International Program for Beginning Accountants. This is a 150 hours seminar on basic accounting given in the evenings. In total 41 seminars with 440 graduates participated in this training. (See PUB # 8 ROM/RUS)
- MARP specialists fielded over 2300 technical questions on various topics which include: Conversion to NAS; Implementation of Fiscal Code; and other unique accounting issues at the enterprise level.
- Through direct financial support of EWMI, MARP supported the development of a 40 hours computer skills training for beginners in Microsoft Word & Excel. In total 25 seminars with 245 graduates participated in this training. (See PUB # 14 RUS).
- MARP together with the AESM and ACAP organized a number of roundtable discussions with practitioners, academics, and governmental representatives. (See summary of roundtable discussions below in Attachment nr.6.14)

**6. DESCRIPTION OF TASKS AND THE ACHIEVEMENTS OF DELIVERABLES/
BENCHMARKS AND RESULTS – CONTRACT MODIFICATION FOR THE PERIOD
MAY 1, 2000 THROUGH DECEMBER 31, 2000**

In May 2000 a contract modification that provided for the continuation of accounting reform and development in Moldova through December 31, 2000 was entered into. In general MARP continued to assist counterparts (i.e. ACAP, AESM, and MOF), in specific the following tangible results and benchmarks were provided funding for:

TASK 1. Continue to assist counterpart(s) in adopting and implementing the International Standards on Audits (ISA) and selected industry specific accounting standards.

a. A new audit law enacted (by 5/31/00).

MARP has worked very closely with the MOF's Audit Working Group (AWG) in developing an Audit Law. The Law is presently in the final stages of review by Government and will be presented to the new Parliament in April or May of 2001. The present working draft of the Law (See Attachment nr.5) will cover all of the necessary issues and would, if adopted, also conform to the principal aspects of the EU 8th Directive- and, with relevant international benchmarks. In summary:

- It sets out the kinds of services that an auditor can provide and the organizational forms that would be permitted. In so doing, it properly restricts the competence of the auditor and ensures that audit professionals will control the organizations.
- It defines the regulatory structure, including qualifications requirements, licensing, standard setting and discipline/enforcement of standards. This will alert the profession and the public

to the fact that the audit requirements will be enforced and those who do not meet those requirements will suffer consequences. This is crucial to maintaining the public trust.

- It sets out the qualification requirements, in accordance with international guidelines and also provides for continuous professional education (CPE). The pace of change in technical and professional requirements increases each year, and CPE is a way in which the auditor can continue to retain public confidence in its abilities. CPE is fast becoming a requirement in more and more countries around the world, and Moldova is rightly joining that trend.
- There are references to a Code of Professional Conduct, which is probably the most important part of the law. The ISAs themselves make reference to the need for an overriding Code of Ethics, which would deal with such basic principles as integrity, objectivity, independence, due professional care, professional behavior, high technical standards, etc. The Moldovan Code of Conduct, which is based on the IFAC *Code of Ethics for Professional Accountants*, will provide the ethical framework in which the standards are used- just as the law itself will provide the legal framework. (See Annexed Audit Materials AU # 1).

Moldova has taken great strides in upgrading its accounting and auditing profession to an international level. It has in place a comprehensive set of standards that meet international benchmarks. It also has a viable professional organization, ACAP, that will be able to carry out the self-regulation of the profession and is already an Associate Member of the International Federation of Accountants. What is needed is a framework under which these standards and the profession can operate.

The proposed audit law will provide that framework and it is crucial that the law be adopted. It has an impact that extends far beyond just the auditing profession. As Moldova seeks to develop economically and to attract investment, both at home and from abroad, it must create an environment in which risks are minimized. Transparent and credible financial information is one way of minimizing those risks and fostering an attractive investment climate. Accounting standards provide the transparency, but auditing provides the credibility. If Moldova wants to participate actively in the global financial markets, it must communicate that it will maintain such an investment climate. The audit law will be a crucial part of that message.

b. Accounting standards on agriculture and retirement funds adopted and implemented (by 8/31/00).

Standard on Agriculture: On December 29, 2000 National Accounting Standard 6 “Specifics of Accounting by Agricultural Enterprises” was adopted and published in the Monitor Oficial. The standard was based on IAS Exposure Draft 65, July 1999 and will be implemented in 2001. Final comments by the IASC Board on the final standard on agriculture, which would be published in February 2001, were taken into account prior to adopting this standard.

Standard on Retirement Funds: At present the legal regulatory framework of Moldova does not provide for private retirement funds. At this time Government does not consider this standard necessary. However, what the Government has asked for is assistance in developing an accounting standard for investment funds. Though there is not an international standard on investment funds, the State Commission of Securities Market (SCSM) desired an accounting standard which would provide for transparency through maintenance of and disclosure by the investment funds which came about through privatization. The USAID Post Privatization Project managed by IBTCI worked closely with the SCSM in its development. This draft standard has been reviewed and commented on by MARP to IBTCI and is presently being debated by the SCSM.

c. 100 auditors and prospective auditors trained in ISA and audit engagement practices (by 12/31/00).

Following the decision to adopt and implement International Standards on Auditing, MARP set up a new major task – training and dissemination of ISAs among practicing auditors. The approach used was to involve in training as many active audit firms as possible, and the Governmental institutions concerned with the development of the accounting/audit profession. Thus, invitation letters were forwarded to all licensed audit firms, the Ministry of Finance, the National Bank of Moldova and the National Commission for Securities Markets. MARP requested that the addressee organizations identify appropriate individuals who would not only be involved in audit-related activities and capable of learning complex concepts and techniques but would also be able to disseminate the knowledge within their firm/organization.

In terms of the development and presentation of training materials, the workshop was developed based on current IFAC pronouncements as well as the latest developments in the audit industry. (See Annexed Audit Materials AU # 1, AU # 2, AU # 3) Some examples of materials used are:

Selected References:

1. Arens, A.A., Loebbecke, J.K. *AUDITING, An Integrated Approach*, 7th Edition – Prentice Hall, 1997.
2. Rittenberg, L.E., Schwieger, B.J. *AUDITING, Concepts for a Changing Environment*, 2nd Edition – The Dryden Press, 1997.
3. Knechel, W.R. *AUDITING, Text & Cases*, South-Western College Publishing, 1998.
4. Robertson, J.C. *AUDITING* – Richard D. Irwin, 1990.
5. Mautz, R.K., Sharaf, H. *The Philosophy of auditing* – American Accounting Association, 1961.
6. Kell, W.G., Boynton, W.C., Ziegler, R.E. *Modern Auditing*, 4th Edition – John Wiley & Sons, 1989.
7. Grobstein, M., Loeb, S.E., Neary, R.D. *AUDITING, A Risk Analysis Approach* – Richard D. Irwin, 1985.
8. National Standards on Auditing (NSA), Monitorul Oficial of the Republic of Moldova, nr.91–93 (640–642) of 29 July 2000.
9. National Accounting Standards (NAS), Monitorul Oficial of the Republic of Moldova, nr.163–165/439 of December 29, 1997; 35–38/70 of April 15, 1999; 27–28/92 of March 9, 2000.
10. The Law of the Republic of Moldova on Auditing, Monitorul Oficial of the Republic of Moldova, nr.20–21/214 of 4 April 1996 as amended.
11. The Law of the Republic of Moldova on Accounting, Monitorul Oficial of the Republic of Moldova, nr.28/321 of 25 May 1995.
12. The Chart of Accounts of Economic Entities of the Republic of Moldova, Monitorul Oficial of the Republic of Moldova, nr.93–96 of December 30, 1997.
13. IFAC Handbook 1999, Auditing, Codification of International Standards on Auditing (ISA) and International Auditing Practice Statements (IAPS).
14. Carmichael, D.R., Anderson, J. at al. *Guide to Audits of Small Businesses*, 18th Edition – Practitioners Publishing Company, 2000.
15. Guy, D.M., Carmichael, D.R. *Guide to International Standards on Auditing & Related Services 2000* – Practitioners Publishing Company, 1999.
16. AICPA Professional Standards as of June 1, 1997, vol. 1–2, AICPA, 1997.
17. AICPA Technical Practice Aids as of June 1, 1997, AICPA, 1997.

18. AICPA Audit and Accounting Manual, Nonauthoritative Practice Aids as of June 1, 1997, AICPA, 1997.
19. Codification of Statements on Auditing Standards, AICPA, 1998.
20. Bailey, L. P. *GAAS Guide, a Comprehensive Restatement of Generally Accepted Auditing Standards 1995* – Harcourt Brace & Company, 1995.
21. Leslie, D.A. *MATERIALITY, the Concepts and its Application to Auditing* – The Canadian Institute of Chartered Accountants, 1985
22. Mintz, S.M. *Cases in Accounting Ethics and Professionalism*, 2nd Edition – McGraw-Hill, 1992.
23. ACCA Revision Series (International Stream), Paper 6 “Audit Framework” – AT Foulks Lynch, 2000.
24. ACCA Revision Series(International Stream), Paper 10 “Accounting and Audit Practice” – AT Foulks Lynch, 2000.

The training materials developed by MARP audit team took into account the local legal and regulatory framework, the status of development of the accounting profession and the business community as a whole. In addition to lecture notes, (see Annexed Audit Materials AU # 2) a set of sample working papers was developed to facilitate implementation of the new audit techniques in practice. The set (see Annexed Audit Materials AU # 3) included NSA Practice Aids, checklists, correspondence and confirmation letters as well as specimen audit programs by audit areas.

A brief outline of the 60 hour seminar included the following topics:

***OUTLINE FOR SEMINAR
«AUDITS OF FINANCIAL STATEMENTS IN ACCORDANCE WITH THE NATIONAL
STANDARDS ON AUDITING»
(for certified auditors)***

TOTAL 60 HOURS

Location: ? SEM – Academy of Economic Studies of Moldova
Address: Chisinau, 59 Banulescu Bodoni St., building B, 8th floor, room 803

SECTION I. METHODOLOGICAL FRAMEWORK OF THE AUDIT OF FINANCIAL STATEMENTS

- ?opic 1. Conceptual Framework of the Audit and Related Services (NSAs 120, 200)
- ?opic 2. Pre-engagement activities (NSA 210)
- ?opic 3. Planning Activities (NSAs 300, 310, 320)
- ?opic 4. Risk Assessment and Internal Control (NSA 400)
- ?opic 5. Designing Substantive Audit Programs (NSAs 300, 500)
- ?opic 6. Auditor’s Working Papers (NSA 230)
- ?opic 7. Extent of Audit Procedures (NSAs 500, 530)

SECTION II. METHODOLOGY OF CONDUCTING AN AUDIT OF FINANCIAL STATEMENTS

- ?opic 8. Audit of the “sales / trade receivables / cash receipts” cycle
- ?opic 9. Audit of the “purchases/ inventory / short-term trade liabilities / cash disbursements” cycle
- ?opic 10. Audit of long-term and other assets
- ?opic 11. Audit of investments
- ?opic 12. Audit of equity and long-term liabilities
- ?opic 13. Audit of short-term financial and accrued liabilities

SECTION III. CONCLUDING AN AUDIT

?opic 14. General Procedures of Conducting an Audit (NSAs 240, 250, 540, 550, 560, 570, 580)

?opic 15. Review, evaluation and documentation of the audit results (NSAs 520, 700)

SECTION IV. THE CODE OF PROFESSIONAL CONDUCT OF ACCOUNTANTS AND AUDITORS

?opic 16. The Code of Professional Conduct of Accountants and Auditors

TEST

The seminar attracted the bulk of the audit industry of Moldova. During the course of the two workshops conducted in October and November of 2000 a total of 95 individuals were trained, that represented 70 audit firms (approximately 80 percent of all active audit firms), the General Department for Accounting and Auditing Methodology of the Ministry of Finance, the bank supervision branch of the National Bank of Moldova and the National Commission for Securities Markets. The training revealed that to many participants the concepts of a Financial Statements auditing (as opposed to tax auditing, or accounting itself) was relatively new. Participants commented that the seminars burst new light on their activities. Some of them realized that they could be more effective and efficient. For example, almost none of the participants used to differentiate between audit of financial statements and other services provided to clients. The concept of charging for different services separately, thus providing for better client relationship and possibly, growth in revenues, was well accepted by the audience. The feedback received subsequent to the training indicated that a number of audit firms developed internal policies and procedures based on the training materials and especially the sample working papers. (See training materials at Annexed Audit Materials AU # 2, AU # 3)

TASK 2. Develop and implement GOM approved “certified auditor” program through subcontracting to a local professional accounting and audit organization, including training and testing of certified auditor candidates.

- a. A local professional accounting and audit organization selected for subcontracting (by 5/15/00).**
- b. A certified auditor program that meets the IFAC International Education Guidelines developed and implemented (by 11/30/00).**
- c. Appropriate methodologies safeguarding and updating certification exams developed and implemented (by 11/30/00).**
- d. GOM official recognition of the certification program obtained (by 11/30/00).**
- e. 10 GOM approved certified auditors produced (11/30/00).**
- f. CPE requirements for certified auditors implemented (12/31/00).**

In May 2000 when this contract modification began, the political environment was such in the audit industry that made such a tender for subcontracting out to a local professional accounting and audit

organization for implementing a GOM approved “certified auditor” program impossible. There were two such local professional organizations that could be subcontracted. If either were picked over the other then the potential fall-out would be damaging. To put this into context the two organizations were:

- Association of Audit Firms in the Republic of Moldova (AFAM). The original concept of AFAM came about in 1996 prior to what is the present Audit Law being promulgated. AFAM had been founded by the leaders of the industry who had lobbied to Government for such a Law and were named in the Law to:
 1. Coordinate the operation of auditing firms;
 2. Represent the professional interest of auditors;
 3. Cooperate with related foreign firms;
 4. Assure juridical protection of AFAM members’ interests;
 5. Develop and submit for review of the Ministry of Finance the auditing standards and qualification examination for certification;
 6. Represent auditing organizations for revocation of their licenses and qualification certificates of an auditor.

This Law was ground breaking in the educational process of society understanding the need for credible financial information. Though the intentions of AFAM were sincere, it never was able to make any progress on these issues and ceased to exist in 1998. In parallel to the rise and fall of the original AFAM was an association of another group of Audit Firms also calling themselves AFAM who were founded in 1997 and were now claiming to be the self-appointed organization that was previously mentioned in the Audit Law. This group now in 2000 claiming to represent 28 of the existing 80 licensed auditing firms was considered by the audit industry and the MOF to be renegades. They had not made any progress other than superficial on their self-serving mandate given to them by the Audit Law. They had done quite the opposite in the three years of their existence by consistently provided barriers to the growth of this industry.

- Association of Professional Accountants and Auditors in the Republic of Moldova (ACAP). ACAP as previously noted throughout this report had been founded in 1996 through the direct technical assistance of USAID. In May 2000, ACAP had grown from its 31 original founders to more than 1300 members. They had a well-developed certification program based on IFAC educational guidelines and were in the process of giving their second certification examination. This was the type of program the task order was envisioning to subcontract out to a professional organization to develop a GOM approved “certified auditor” program.

In May 2000 Mike Neider/COP met with Minister of Finance Mihail Manoli to discuss the technical assistance, which the GOM had requested to be provided in regard to the development of a certified auditor program. The Minister agreed that the results of an open-tender would result in what he considered to be an obvious winner in ACAP. He also agreed based on his experience with AFAM that by recognizing ACAP at this time as a subcontractor to assist the MOF would cause waves of criticism from AFAM to the highest level of GOM because of the present Audit Law. MARP/COP therefore agreed with USAID/CTO approval to chart a different course of action that would bring about the same end goal of a GOM approved certified auditor program. The plan would be:

1. A new audit law would be promulgated which would terminate AFAM’s existing mandate and would provide for ACAP’s certification program to be recognized by the MOF. MOF instructions to the Law would be an adaptation to present ACAP certification guidelines

and Continuous Professional Educations requirements that are in accordance with IFAC requirements.

2. All 36 IFAC International Standards on Auditing and its Code of Ethics would be adapted for Moldova and adopted by the MOF as National Standards on Auditing (NSAs) and the Code of Professional Conduct (Code) with the assistance of MARP.
3. Training on these NSAs and the Code with the assistance of MARP would be provided to all licensed audit firms who wished to participate. This would include members of AFAM and would provide a unique opportunity to make them an active member in the educational process of developing the professional capacity of the audit industry. The potential impact such an organization can make can't be discounted and thus not forgotten in this development process.

Presently item number 2 and 3 above have been accomplished and number 1, the adoption of the new Audit Law is presently in the final stages of review by Government and will be presented to the new Parliament in April or May of 2001. For further information on the proposed new Audit Law see **Task 1a** above.

TASK 3. Continue curriculum reform efforts, including training of faculty members, at Academia de Studii Economice din Moldova (AESM) through a partnership with a US university.

- a. A partnership with a US university for development of accounting and audit curriculum created (8/31/00).**
(TASK COMPLETED)

On May 13-15, 2000, an official delegation from University of Nebraska, Omaha, (UNOmaha) represented by the University Chancellor and the Head of Political Science Department, Romanian/Moldova Programs, was hosted by AESM.

UNOmaha has twenty-five sister universities around the world. These partnerships provide unique opportunities for student and faculty exchanges, study abroad programs, collaborative research. Sister-university relationships are important components of UNOmaha's commitment to international education. Each year, over 200 students and nearly 20 faculty members participate in a wide variety of sister-university programs (Czech Republic, Germany, Latvia, Moldova, Romania). AESM is a sister university of UNOmaha since 1993. The activities between universities mostly include: students & faculty members and cultural exchanges; joint scientific research.

The visit included:

- Reviewing the results of joint activities of the past five years and discussion of extension of the cooperation convention for the 2000-2005 period;
- Awarding the "Doctor Honoris Causa" title to the Chancellor and to the Head of Political Science Department;
- Signing of the cooperation convention for the next five years.

The UNOmaha representatives were informed of MARP activities and assistance it might provide to develop a partnership with a US University. Considering the history between University of Nebraska, Omaha and AESM, MARP began exploring this unique opportunity to further develop this relationship through joint cooperation.

In September 2000, MARP hosted Dr. Adolf Enthoven, Professor of Accounting; Director, Center for International Accounting Development, School of Management and Administration at the University of Texas, Dallas, and Dr. Jack Armitage, Chairman of the Accounting Department at UNOmaha. The purpose of the visit was to study AESM activity and education system and develop a comprehensive draft proposal for 2001 – 2002 long-term partnership between AESM and UNOmaha in terms of development of study programs and curricula, exchange of professors and students, etc. Based on this visit a comprehensive feasibility study was prepared concerning the relationships between AESM - UNOmaha and EWMI/MARP in the envisaged period of 2001-2002. (See Feasibility Study in Attachment nr.7.6)

b. Manuals and textbooks for 4 of the 8 accounting and audit courses (12/31/00).
(TASK COMPLETED)

**MANUALS & TRAINING MATERIALS DEVELOPED UNDER THE MOLDOVA
ACCOUNTING REFORM PROJECT (“MARP”)**

- 1. THE NEW ACCOUNTING SYSTEM IN THE REPUBLIC OF MOLDOVA.** Vol.1 – *Conversion to NAS*. 1998. Romanian – 432 pages. Russian – 454 pages. English – 371 pages. – 1998. (Annexed as PUB # 1, ROM/RUS/ENG)

This is the first manual on the new accounting system that is developed on the basis of NAS. The book is meant to be used by practicing accountants, auditors, enterprise managers, professors and students of universities and colleges, and other interested persons. Subject matters covered include:

- The methodology of conversion to the new accounting system
- Accounting for assets, owner’s equity and liabilities
- Accounting for costs, expenses and income
- The procedure for preparation and presentation of financial statements.

- 2. THE NEW ACCOUNTING SYSTEM IN THE REPUBLIC OF MOLDOVA.** Vol. 2 – *Accounting for Taxes*. 1999. Romanian – 399 pages. Russian – 448 pages. English – 332 pages. (Annexed as PUB # 2, ROM/RUS/ENG)

This book is the first to present methodology of reconciling from book to taxable income. In addition, it explains how to account for value added tax, and to explain procedure for disclosures in annual financial statements. It is also the first to present methodology in accordance with NAS and tax legislation requirements. Subject matters covered include:

- Accounting for income tax of entrepreneurs
- Accounting for value added tax
- Disclosures in annual financial statements.

- 3. METHODOLOGY OF CONVERSION TO THE NEW ACCOUNTING SYSTEM. FINANCIAL STATEMENTS PREPARATION (TRAINING MATERIALS).** 1998. Romanian, Russian and English – 233 pages. (Annexed as PUB # 3, ROM/RUS/ENG)

The first Methodology Guide on Conversion to NAS. Developed and used in the first train-the-trainer course, and at the implementation at the enterprise level. Contains instructions on how to convert account balances in from the old to new accounting system, how to prepare and how to present the first quarterly financial statements under the new national accounting standards based on IAS. Provides better understanding of ratio analyses and Explanatory (disclosure) Notes to the Financial Statements. Also contains Instructor Notes and slides for the trainer.

4. PROCEDURES FOR PREPARATION AND PRESENTATION OF INCOME TAX DECLARATION OF A PERSON INVOLVED IN ENTREPRENEURIAL ACTIVITY. 1999. Romanian and Russian – 58 pages. (Annexed as PUB # 1, ROM/RUS)

This brochure represents training materials for the practitioners developed and used in training courses for Government' officials (representatives of the Ministry of Finance, Accounting Court, Ministry of Economy and Reforms, etc.) and ACAP training programs. Contains a number of practical examples. Subject areas include:

- Structure of the Income Tax Declaration
- Income tax exempted income
- Special rules of income determination for tax purposes
- Depreciation for tax purposes
- Calculation of cost basis
- Deferred taxes related to revaluation of fixed assets
- Preparing the Income Tax Declaration

5. HOW TO AVOID ERRORS IN CALCULATING ENTERPRISE INCOME TAX AND ITS RECOGNITION IN ACCOUNTING (THEORETICAL AND PRACTICAL GUIDELINES). 2000. Russian and English – 175 pages. (Annexed as PUB # 5, RUS/ENG)

The aim of this Guide is to assist its users in correction of errors in income tax returns or persons involved in entrepreneurial activities and to prevent such errors in future. Main provisions of this guide were tested at enterprises. This manual is recommended for accountants, management, employees of financial, tax, and statistic agencies, auditors, professors and students, and all those willing to study and skillfully apply the national accounting and tax systems. Areas covered include: fundamental rules of assessing and accounting for enterprise income tax, and sources of typical errors in enterprise income tax preparation and their correction

6. MANAGERIAL ACCOUNTING – PRACTICAL GUIDE. 2000. Romanian – 264 pages. Russian – 272 pages. English – 262 pages. (Annexed as PUB # 6, ROM/RUS/ENG)

This practical guide is the first work on managerial accounting published in the Republic of Moldova, which comprehensively describes the procedure of formation, controlling and analyzing the information necessary for making decisions at all stages and levels of enterprise management. Main provisions of the guide were discussed at seminars on managerial accounting and tested at dairy, fat-and-oil, wine and glass enterprises. The guide provides methodological basics of managerial accounting, deals with issues related to budgeting, and administration of budgets, analysis and managerial decision making and is based on a case study of a bakery. Subject matters covered include:

- Managerial accounting fundamentals
- Budgeting and control over budget implementation
- Analysis of information for managerial decision-making

7. FINANCIAL ACCOUNTING: Textbook for students. 1999. Romanian – 440 pages. Russian – 480 pages. (Annexed as PUB # 7, ROM/RUS)

This book is the first textbook on financial accounting that has been published in the Republic of Moldova, which describes the principles of the new accounting system. The main users of the manual are university professors and students, accounting specialists and all those interested in

accounting. The textbook was approved by the Senate of the Academy of Economic Studies of Moldova for university students of economic departments (Minutes of Senate's meeting nr.9 as of June 25, 1999).

The textbook contains the description of preparing and disclosing the accounting policy of the enterprise, deals with methods of accounting for assets, owner's equity, liabilities, costs, expenses, income and financial results. Special attention is paid to the method of preparation of financial statements of the enterprise: Balance Sheet, Income Statement, Cash Flow Statement, Statement on Movements in Owner's Equity.

8. PRESENTATION OF FINANCIAL STATEMENTS BASED ON A CASE STUDY. 1999. Updated in 2000. Romanian and Russian – 220 pages. (Annexed as PUB # 8, ROM/RUS)

This manual is the main training materials used for the “Accounting for beginners” Course. It explains the whole process of accounting cycle starting from recording transactions and concludes with presentation of financial statements. Areas covered include:

- Accounting policy of an enterprise
- Accounting for assets, inventories, receivables, investments, cash, owner's equity, liabilities, expenses, income
- Completion of an accounting cycle and determination of financial results
- Financial statements analysis

9. ADVANCED FINANCIAL ACCOUNTING. 1999. Romanian and Russian – 225 pages. (Annexed as PUB # 9, ROM/RUS)

Training materials developed and used in Summer-1999 Program “International accounting and Auditing”. The brochure contains new accounting standards developed and advanced topics on Financial accounting, such as recording share and debt financial instruments, credit risks, financial instruments and accounting policy, etc.

Subject matters covered include:

- Financial Instruments: Disclosure and Presentation (IAS 32)
- Accounting for Leases (IAS 17)
- Accounting for the Effects of Changes in Foreign Exchange Rates (IAS 21)
- Business Combinations (IAS 22)
- Financial Reporting of Interests in Joint Ventures (IAS 31)
- Financial Reporting in Hyperinflationary Economies (IAS 29)
- Consolidated Financial Statements (IAS 27)
- Accounting for Liquidation of an Enterprise

10. AUDITING. 1999. Romanian and Russian – 300 pages. (Annexed as PUB # 10, ROM/RUS)

Training materials developed and used in Summer-1999 Program “International Accounting and Auditing” based on International Standards on Audit.

Areas covered include:

- Nature and contents of Auditing
- Auditors' Professional Ethics.

- Rights and Responsibilities of Auditors and Clients.
- Types of Audit.
- Concept of Materiality and Evaluation Criteria.
- Definition and Types of Audit Risks.
- Audit Planning.
- Analytical Procedures.
- Engagement of Other Persons in the Audit Process.
- Audit Evidence.
- Documentation of Audit.
- Audit of Annual Financial Reports.
- Audit Sampling
- Audit Results.
- Selection Criteria of the Auditor and the Consultant.
- Audit Personnel Management.
- Errors and Fraud Discovered within the Audit

11. GUIDE FOR STUDENTS “AUDIT”. 1999. Romanian – 205 pages. (Annexed as PUB # 11 ROM)

Guide for students is the first training material on auditing for Romanian speaking students. Contains a number of tests and case studies. Areas covered include:

- Substance of audit
- Professional ethics
- Audit planning and analytical procedures
- Internal control system
- Types of evidences and documents
- Auditing annual financial statements
- Errors and fraud detected in the course of audit
- Completion of audit

12. FINANCIAL MANAGEMENT. 1999. Russian – 97 pages. (Annexed as PUB # 12 RUS)

Training materials developed and used in Summer-1999 & 2000 Program “International accounting and Auditing”.

Subject areas include:

- What is financial management in the market economy
- Fundamentals of financial mathematics
- Methods of evaluation of financial assets
- Risks and profitability of financial assets
- Decision-making on investment projects
- Equity related issues
- Dividend policy
- Financial decisions when prices are unstable

13. BUSINESS LAW (FUNDAMENTALS OF ECONOMIC LAW). 1999. Updated in 2000. Romanian, Russian, – 200 pages and English – 117 pages. (Annexed as PUB # 13, ROM/RUS/ENG)

Training materials developed and used in Summer 1999 & 2000 Program “International accounting and Auditing”. This course is aimed at providing and understanding of the legal regulation of entrepreneur activities and main elements of the legal framework of accounting and audit in the Republic of Moldova. Areas covered include:

- Legal and professional principles of activity of accountants and auditors in the Republic of Moldova
- Forms of property in the Republic of Moldova
- Formation, operation and discontinuation of enterprises
- Bankruptcy of enterprises
- Business contract
- Other aspects of the state regulation on the economic activity in the Republic of Moldova

In addition the following textbooks were used in curriculum implementation:

1. **“AUDITING”: 5th edition:** Alvin A. Arens, James K. Loebbecke /Translation into Russian, Chief Editor – Ia. Sokolov, 560 pag., 1995.
2. **“PRINCIPLES OF ACCOUNTING” 4th edition:** Belverd E. Needles, Henry R. Anderson, James. C. Caldwell /Translation into Russian, Chief Editor – Ia. Sokolov , Moscow, Financy i Statistica Publishing House, 496 pag., 1997.
3. **“PRINCIPLES OF ACCOUNTING” 5th edition:** Belverd E. Needles, Henry R. Anderson, James. C. Caldwell /Translation into Romanian, Scientific Editors: D. Oprea, V. Isan, Chisinau: ARC Publishing House, 1240 pag., 2000.
4. **“COST ACCOUNTING: A MANAGERIAL EMPHASIS”:** Horngren C.T., Foster G., Translation into Russian, Chief Editor - Ia. Sokolov, Moscow, Financy i Statistica Publishing House, 416 pp., 1995.
5. **“FINANCIAL STATEMENTS ANALYSIS” 5th edition:** Leopold A. Bernshtein, Ph.D., C.P.A. / Translation into Russian, Chief Editor - Ia. Sokolov, Moscow, Finansy i Statistica Publishing House, 624 pag., 1996.
6. **“ACCOUNTING THEORY”:** M.R. Mathews, M.H.B. Perera; Translation into Russian, Chief Editor – Ia. Sokolov and I. Smirnova, Moscow, Financy i Statistica Publishing House, 624 pag., 1996.
7. **“MANAGERIAL ACCOUNTING: concepts for planning, control, decision making”/:** Ray H. Garrison, Eric W. Noreen. – 7th edition, ERWIN, 912 pag., 1994
8. **“FINANCIAL ACCOUNTING”:** K. Waterstone, A. Britton. Translation into Russian, Moscow, FiS Publishing House, 328 pages, 1998.
9. **“COMPARED ACCOUNTING SYSTEMS”:** Nicolae Feleaga, – 2nd edition in 5 volumes. – Volume I: Anglo Saxon Accounting Systems. – Bucharest, “Editura Economica” Publishing House, 352 pag., 1999.
10. **“COMPARED ACCOUNTING SYSTEMS”:** Nicolae Feleaga, – 2nd edition. – Volume II: International Accounting Norms. Part I. – Bucharest, “Editura Economica” Publishing House, 360 pag., 2000.
11. **“COMPARED ACCOUNTING SYSTEMS”:** Nicolae Feleaga, – 2nd edition. – Volume II: International Accounting Norms. Part II. – Bucharest, “Editura Economica” Publishing House, 256 pag., 2000.
12. **“INTERNATIONAL ACCOUNTING STANDARDS”:** IASC, Translation into Romanian, Bucharest, “Editura Economica” Publishing House, 2000.
13. **“INTERNATIONAL ACCOUNTING STANDARDS”:** IASC, Translation into Russian, Moscow, ? skeri, 2000.

14. **“COMMENTARIES TO INTERNATIONAL ACCOUNTING STANDARDS”**: V. F. Palii, Moscow, Askeri, 2000 .
15. **“INTRODUCTION TO FINANCIAL MANAGEMENT”**: Valerii Kovalev, Moscow, Financy i Statistika Publishing House, 768 pag., 1999.
16. **“COLLECTION OF PROBLEMS ON FINANCIAL MANAGEMENT”**: Valerii Kovalev, Moscow, Financy i Statistika Publishing House, 128 pag., 1997.

- **3 faculty members in the US partnership university (12/31/00)**. Partnership agreement with University of Nebraska at Omaha entered into with AESM is due to begin its activities in Spring Semester 2001.

TASK 4. Train enterprise financial managers in managerial accounting techniques.

- a. 75 enterprise financial managers /association members trained (by 12/31/00).**
(TASK COMPLETED)

Developed 2-week managerial accounting training course. Using skills developed in the classroom performed a limited agreed upon consulting engagement at 5 pilot enterprises. Lessons learned at these pilot enterprises have been used to develop “Managerial Accounting Techniques Manual which was published in May 2000 (Russian) and December 2000 (Romanian). Have trained over 300 accountants and managers representing 228 enterprises on this manual. (See manual at PUB # 6 ENG/ROM/RUS)

A brief outline of the 60 hour seminar included the following topics:

OUTLINE FOR SEMINAR “MANAGERIAL ACCOUNTING”

TOTAL 60 HOURS

Part 1. INTRODUCTION TO MANAGERIAL ACCOUNTING

- Topic 1. Principles of managerial accounting
 - 1.1. Managerial accounting as a component of accounting system
 - 1.2. Content of managerial accounting
 - 1.3. Managerial accounting method and its elements
 - 1.4. Purpose and users of managerial accounting information
 - 1.5. Relation between managerial accounting and financial accounting
 - 1.6. Organizational aspects of managerial accounting
- Topic 2. Costs classification and evaluation
 - 2.1. Essence, tasks and principles of cost accounting
 - 2.2. Classification and fluctuation of costs
 - 2.3. Costs-volume-profit. Definition of break-even point
- Topic 3. Product costing methods
 - 3.1. General principles of product costing
 - 3.2. Distribution method of indirect manufacturing costs
 - 3.3. Job order costing
 - 3.4. Process costing. Properties of partially completed units and non-partially completed units methods
 - 3.5. Standard – cost method

3.6. Issues on cost accounting and costing

Part 2. BUDGETING AND CONTROL OVER EXECUTION OF BUDGETS

Topic 4. Budgeting

- 4.1. Essence, role and purposes of budgeting
- 4.2. Types, description and structure of budgets
- 4.3. Development and coordination of general/ consolidated budget
 - 4.3.1. Organizing budget development and coordination
 - 4.3.2. Operational budgeting
 - 4.3.3. Financial budgeting

Topic 5. Analysis of information for efficient decision-making

- 5.1. Description of managerial decision-making
- 5.2. “Cost-Volume-Profit” analysis for decision-making
 - 5.2.1. Analysis of influence of cost, price and volume changes on profit
 - 5.2.2. Product range decisions
 - 5.2.3. Decision making under a limiting factor
 - 5.2.4. Acceptance or rejection of an order
- 5.3. Decision making on pricing

Topic 6. Control of budget execution

- 6.1. Budget control system.
- 6.2. Control and analysis of enterprise activity

Topic 7. Information Analysis for Making Decisions on Cost Control

- 7.1. Standards and deviations from them as a means to improve control
- 7.2. Deviation analysis for managerial decision-making
 - 7.2.1. Deviations on direct material costs
 - 7.2.2. Deviations on direct labor costs
 - 7.2.3. Deviations on indirect production costs
 - 7.2.4. Deviations on gross profit

Topic 8. Analysis and management of current assets and short-term liabilities

- 8.1. Compound analysis and management of current assets and short term liabilities
- 8.2. Inventories analysis and management
- 8.3. Cash analysis and management
- 8.4. Accounts receivable analysis and management
- 8.5. Accounts payable analysis and management

Topic 9. Information analysis for long-term investment decision-making

- 9.1. Essence of investment decision-making. Role of investment decision making to further enterprise costs and income
- 9.2. Procedure and selection criteria for investment projects
- 9.3. Methods of investment projects evaluation
- 9.4. Basic rules of cash flow forecast for implementation of investment projects

TEST

TASK 5. Provide funding for a technical assessment of the status of governmental accounting and auditing in Moldova.

a. Limited logistical support and funding provided (when required by CTO).

Not considered a priority at this time due to lack of funding.

ATTACHMENTS

MARP Final Report March 16, 1998 – December 31, 2000

1. ATTACHMENT 1. Task Order with Changes at May 3, 1998
2. ATTACHMENT 2. Task Order with Changes at December 17, 1998
3. ATTACHMENT 1. Task Order Modification April 30, 2000
4. ATTACHMENT 4. ACAP Materials
5. ATTACHMENT 5. Law on Audit
6. ATTACHMENT 6. Public Education
7. ATTACHMENT 7. Education Redesign and Training

Attachment 1
MARP Final Report
March 16, 1998 –
December 31, 2000

Task Order
With Changes at May 3, 1998

Statement of Work (As Updated May 3, 1998)

MOLDOVAN ACCOUNTING REFORM TASK ORDER

Total length: 15 months

Phase I: 7 months;

Phase II: 8 months;

I. SUMMARY

This task order continues USAID support for accounting reform and development in Moldova. The principal components include:

1) further development of the technical basis for accounting and auditing through:

- a) dissemination of NAS/IAS, including development of enterprise conversion methodologies to NAS ~~that reform the accounting data base (ADB)~~*
- b) adoption and dissemination of International Standards of Audit (ISA)*
- c) dissemination of the accounting basis for the new tax law*
- d) dissemination of managerial accounting techniques*

2) further development of the institutional capacity of the Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP~~APAARM~~), focussing on:

- a) expanding membership*
- b) achieving financial sustainability*
- c) developing affiliations with regional and international accounting organizations*
- d) developing ACAP's~~APAARM's~~ capacity to represent the accounting and audit professions and professions' point of view on all relevant issues*

3) further development of professional capacity in accounting and auditing by:

- a) continuing to design and implement a training/testing/certification program for accountants and auditors;*
- b) developing a program for promoting business skills of accountants and auditors relating to marketing services*
- c) collaboration with educational institutions and the Ministry of Education to develop curriculum reform and faculty development program*

4) further development and implementation of a program for increasing awareness and knowledge of accounting information users, including managers, financial market participants and shareholders.

The task order is designed to be implemented in two phases: Phase I will be for 7 months and

Phase II for 8 months. Implementation of Phase II will depend on the availability of funds and adequate success in Phase I.

II. PROGRESS TO DATE

Under two prior USAID task orders, significant achievements were achieved in setting in motion and creating a favorable environment supportive of accounting reform in Moldova. This effort began with the creation of the Association of Professional Accountants and Auditors of the Republic of Moldova ([ACAPAPAARM](#)) registered with the Ministry of Justice on August 16, 1996. Its fledgling success as a service organization is shown by the rapid growth of its membership - from 35 founders to more than 300 members, including two branch associations outside Chisinau as of March, 1997.

To create this entity significant efforts were required to obtain the Charter, develop its By-laws, membership applications, establish individual committee objectives, design a logo, and set annual dues and registration fees. The activities of [ACAPAPAARM](#) are currently supported by an Executive Director, Assistant Executive Director and a Secretary and its headquarters comprise of three offices. The Association also has a small library of over 120 books.

In 1996 and 1997 technical assistance was provided to [ACAPAPAARM](#) to develop its organizational management skills, professional development, training and network-building. As part of its institutional development, a Strategic Plan and a Association Budget for 1997 were developed with sources of revenue being derived primarily from its membership base, training and affinity programs.

Training is a key element in the continuing professional development of Moldova's auditors and accountants. During these two prior phases, the following six courses were developed:

Basic Accounting	External Auditing
Management Accounting	Managing an Audit Firm
Financial Accounting	Int'l Accounting Standards

The above-six courses together with a Train-the-Trainers Course have been offered by the Association with the assistance of expatriate consultants and these courses together with relevant materials have been retained by the Association. In addition, the Association has [942](#) accounting and auditing courses from TACIS projects and eight modules of training material from other USAID contractors.

Also a Tool Kit comprising Deloitte Touche training materials is available to the resource center of the Association. This Kit provides basic and advanced treatment of the differences between International Accounting Standards and current Moldovan accounting practices. It has been tested with Moldovan managers and World Bank consultants and it is expected that the Association will use it as a revenue source in the future.

Training was also provided to local professionals capable of delivering four courses without

expatriate assistance, i.e., Basic Accounting, Financial Accounting, International Accounting Standards and Train the Trainers.

Significant efforts, including those of the Association, have resulted in the design and development of a comprehensive Certification Program for the Association consisting of three levels. Certification Guidelines were developed including a Continuing Professional Education requirements and a Code of Professional Ethics for Qualified Expert and Certified Accountants. The first level examination was offered in March 1997 at which time 23 individuals took this exam and four passed the examination.

III. BACKGROUND

1. Overall state of accounting in Moldova

The major issues in accounting in Moldova are currently:

- a) establishment of market economy *financial accounting*, which provides financial information to shareholders and investors, based on National Accounting Standards (NAS), which in turn are based on International Accounting Standards (IAS)
- b) establishment of *financial audit* capacity based on International Standards of Audit (ISA) to support financial accounting
- c) reform of ~~tax accounting and auditing~~, to include reconciling from book income to taxable income. separation of tax from financial accounting, and reform of the tax audit program to allow for market economy accounting systems.
- d) ~~implementation understanding~~ of better internal managerial accounting in enterprises to improve operations.

Each of these areas--tax accounting, financial accounting, audit and managerial accounting--need to be approached from four perspectives:

- a) improving the *technical basis* of each kind of accounting and auditing
- b) establishing the *institutional, legal and regulatory framework* for tax and financial accounting and auditing
- c) increasing the *demand* of users of financial and managerial accounting information
- d) increasing the *professional capacity* of accounting and audit practitioners.

2. The Memorandum of Understanding establishing institutional roles in accounting reform and development

For accounting reform and development to succeed in Moldova, it is critical to determine the

roles of the various government and private sector organizations involved. Towards this end, a Memorandum of Understanding ("Memo") was signed by the Minister of Finance, the Vice Minister of Finance responsible for accounting and tax, the President of the Board of Directors of the USAID-supported [ACAPAPAARM](#), the United States Ambassador, the Resident Representative of the World Bank, the State Commission for Securities Markets (SCSM), and the National Bank of Moldova.

The Memo defines the role of each of the Moldovan signatories and establishes a firm basis of cooperation and complementarity. In particular, [ACAPAPAARM](#) has been recognized by the Moldovan Government as the primary training and implementation institution for managerial accounting and financial accounting and auditing. The Memo provides that [ACAPAPAARM](#) will develop training and testing programs and seek MOF approval for eventual certification of accountants and auditors. [ACAPAPAARM](#) will participate on the proposed National Accounting Standards Agency and will have primary responsibility for developing financial auditing standards based on International Standards of Audit (ISA).

3. Financial accounting and auditing

a) Adoption and implementation of International Accounting Standards (IAS).

Moldova, led by the Deputy Minister of Finance who handles both the tax and accounting methodology departments of MOF, has opted to adapt IAS to Moldova, creating National Accounting Standards (NAS). An Accounting Working Committee (AWC), comprising representatives from cognizant government entities, academics and private-sector professionals, working with the Deputy Minister, supported by a World Bank technical assistance grant, has prepared [12 core NAS](#). ~~drafts of eight core NAS.~~ These [12](#) ~~eight~~ are essential for implementation of both the new Tax Law and a reformed market economy financial accounting system. ~~They appear to be generally sufficient to form the basis of a new enterprise financial accounting system compatible with IAS.~~

~~These standards are being recommended for adoption by the AWC and Ministry of Finance for submission to the Moldovan Parliament. It was expected that the standards would be approved and released in early June, 1997, for simultaneous implementation with the new Tax Code by January 1, 1998. These standards were promulgated on December 30, 1997, with an effective date of January 1, 1998, which will allow for simultaneous implementation of the new Tax Code.~~ The IMF and World Bank ~~are~~[have](#) strongly supporting implementation of both the new tax law and financial accounting system as of this date. The AWC intends to issue about 4 additional standards per quarter until the essential approximately 25 International Accounting Standards that will be applicable to Moldova are issued.

Implementation of NAS will require extensive training of practitioners, which is to be led by the [ACAPAPAARM](#). This training will need to be based on pilot implementations to develop conversion methodologies. In addition, longer term development will depend on reform of the accounting curriculum in institutions of

higher learning and the development of their faculty.

The Ministry of Finance has prepared a proposal to replace the AWC with a financial National Accounting Standards Agency (NASA), which is to include representation from MOF, [ACAPAPAARM](#), SCSM and the National Bank. This proposal will be evaluated by USAID and the Contractor to determine what support can be provided for this institution. It is unlikely that direct financial support for the operations of such a board will be directly available from USAID funds, though some technical assistance through this task order may be forthcoming to assist in the adaptation/adoption of any additional important standards. (The creation of a sustainable NASA in any NIS country is a difficult proposition, given the limited resources and expertise, which can be largely avoided by adopting IAS directly, as is being done by the Securities Commission and National Bank in Ukraine, since the main ongoing function of NASA will end up being keeping NAS reconciled with IAS.)

b) Adoption of International Standards of Audit.

Per the terms of the Memo, [ACAPAPAARM](#) will be responsible for developing financial audit standards based on ISA. [ACAPAPAARM](#) will also develop the necessary training for both practitioners and users of financial audits.

c) Use of financial accounting in the capital markets and JSCs. ~~The principal users of financial accounting are s~~Shareholders of Joint Stock Companies (JSCs) and investors in the Capital Markets are a user of financial accounting data. Demand from these sources is still embryonic. As the introduction of NAS begins, the SCSM needs to develop financial disclosure requirements, based on NAS, including any additional information appropriate for capital markets and corporate governance. It will be necessary to increase the awareness and understanding of investors, shareholders and managers of the use of financial information.

~~As described below, full conversion, defined as replacing the existing Moldovan statutory accounting system with a market economy accounting system down to the ADB, will require adaptation of tax auditing procedures. While waiting for this to happen, the SCSM should follow the model transformation manual developed in Ukraine for its securities commission. Transformation involves making adjustments and adding information to take the statutory accounting base and produce financial statements in compliance with IAS/NAS. While not as complete a process as conversion, it at least sets up the methodology required for eventual conversion, provides useful information for investors, managers and shareholders, and provides examples of the principles of financial accounting.~~

4. Tax accounting ~~and tax auditing~~

New Tax Code. The new Moldovan tax law on profit and income tax has been passed by Parliament. The law takes effect as of January 1, 1998. The new law determines the basis

for taxing enterprise profit largely based on NAS, though certain provisions, such as the limited deductibility of certain business expenses as travel, will separate tax accounting from IAS-compliant financial accounting. Again, implementation will require extensive training and education of practitioners and government tax authorities. ~~Implementation can be facilitated by basing it on the transformation manual developed for the capital markets (see above), with the necessary changes to comply with the new tax legislation.~~

~~With the new tax law and modified tax accounting basis, a new program for tax auditing will need to be developed to allow for full conversion to NAS, including reform of the accounting data base (see below, c). The current tax audit program is based on the account architecture and documentation requirements of the statutory accounting system inherited from the former Soviet Union, which is incompatible with a market economy accounting system. Tax auditors have so far been inflexible in not accepting market economy accounting systems, even if they produce reports compliant with statutory accounting. The result is fines and penalties for non-conforming enterprises, an incentive to converting accounting systems in enterprises.~~

~~As mentioned above, one of the main obstacles to adopting a new market economy oriented ADB is the current requirements of tax auditing, which are based on strict adherence to statutory accounting requirements. As part of implementation of the new tax law, it will be important to adapt tax audit requirements to encourage enterprises to reform the ADB.~~

5. Managerial accounting and reform of the accounting system ~~data base (ADB)~~ in enterprises

It is important that enterprises move towards adopting comprehensive accounting systems, that not only serve financial and tax reporting needs of external users, but also provide the accounting data for managerial accounting analysis. ~~This will require reform of the accounting data base (ADB), which is based on the chart of accounts, from its current structure and content under statutory accounting.~~

Implementation ~~of a reformed ADB~~ and utilization of managerial accounting techniques will require extensive training and education of practitioners and users (primarily managers).

6. Enterprise implementation of market economy accounting

Implementation of market economy accounting must begin immediately in order to develop experience, expertise and relevant methodologies. ~~in time for~~ With new National Accounting Standards effective January 1, 1998, it is imperative that pilot enterprises are chosen as soon as possible to be converted to NAS. These enterprises will serve as a basis for the development of a conversion methodology. ~~As indicated above, implementation may be largely based on a transformation methodology until tax audit practices can be reformed.~~

A major issue in promoting enterprise implementation of market economy accounting systems will be targeting the most propitious groups of enterprises to lead the process. These are likely to include:

- a) enterprises interested in raising financing in the capital markets
- b) enterprises interested in participating in donor sponsored loan programs, such as USAID's Enterprise Fund, the EBRD and the World Bank
- c) enterprises with Western partners (estimated to be about 400 in Moldova)
- d) enterprises majority-held by investment funds or other owners interested in increasing the value of their investment
- e) enterprises in relatively competitive market systems
- f) JSCs with a strong commitment to corporate governance

7. Implementation in banks

As is generally the case in the CIS, the banking sector is ahead in preparing for the conversion to IAS-based financial accounting. There are currently about 20 commercial banks in Moldova. Five banks have already undergone limited conversion at the financial reporting level and have also been audited in connection with participation in the EBRD enterprise loan program. Another two banks have undergone pilot limited conversions under a USAID-financed project. ~~The National Bank is eager for the remaining banks to convert, but since by statute it needs MOF concurrence, it is waiting for the adoption of at least the core standards before mandating that all commercial banks convert.~~

~~In addition, accommodation in the tax audit program will have to be made for the banks to undertake complete conversion down to the ADB level.~~ While the central bank is primarily interested in financial reporting from commercial banks, these banks will have to introduce a reformed [accounting system](#) ~~ADB~~ and develop managerial accounting techniques and applications in order to become efficient.

The USAID contractor working with the banks estimates that 300 bank accountants will need intensive and follow-up training for the full conversion to occur in all the commercial banks.

8. Training and education of both practitioners and users of accounting information

It has been indicated that a huge training effort in all areas of accounting for both practitioners and users will be needed in Moldova. The Memo gives [ACAPAPAARM](#) the primary role in this area. Enterprise accountants, consultants, auditors, government officials (including state tax inspectors), managers, owners (especially shareholders) and investors will all need training in the new tax and/or financial accounting systems. A smaller universe of users, comprising primarily practitioners and managers, will need training in managerial accounting.

In addition, it is crucial to reform the accounting education system in Moldova. This requires both curriculum reform, including introducing new courses to cover the adoption of

NAS/IAS, ISA, and managerial accounting. Faculty will have to be developed to deliver the new educational material.

To support the new training and education and give credibility to the emerging accounting and audit professions, [ACAPAPAARM](#) is developing a system of testing that will measure capacity development in the key areas of accounting and auditing. Eventually, and in collaboration with the Government of Moldova (GOM), this will serve as the basis for a system of certification and licensing of accountants and auditors.

9. [ACAPAPAARM](#) institutional development

At the core of the USAID's accounting reform and development strategy in Moldova is support and development of [ACAPAPAARM](#).

The enormous amount of training and professional development that will be required to implement the enterprise accounting conversion to meet the requirements of IAS-based financial accounting and auditing, the new tax law and managerial accounting can only be achieved by development of a strong, self-regulating association of accountants and auditors.

USAID has financed support for developing [ACAPAPAARM](#) since May 1996. Tremendous progress has been achieved. [ACAPAPAARM](#) currently is registered as an NGO with the Ministry of Justice. It has a charter, by-laws, a Board of Directors and a Chairperson, as well as a salaried Executive Director, and accountant. Several working committees have been formed. A new expanded Board and Chairperson were elected in July 1997.

As of March 1998⁷, [ACAPAPAARM](#) had more than 2300 members. [ACAPAPAARM](#) is developing a certification program for member accountants and auditors and the first level [\(i.e. C\) part 1 of 3](#) was designed and administered in March 1997 [and again in November 1997](#). [A total of 7 members of ACAP have passed this examination.](#)

[ACAPAPAARM](#) was a signatory to the Memo of Understanding, which recognized it as having key roles in development and reform of accounting in Moldova.

IV. OBJECTIVES

1. Applicable ENI overall program objective:

Stimulate development of private sector enterprises.

2. Specific task order objectives:

Development of the Association of Professional Accountants and Auditors of the Republic of Moldova ([ACAPAPAARM](#)) in the following areas :

1) further development of the technical basis for accounting and auditing through:

- a) dissemination of NAS/IAS, including development of enterprise conversion methodologies ~~to NAS that reform the accounting data base (ADB)~~
- b) adoption and dissemination of International Standards of Audit (ISA)
- c) dissemination of the accounting basis for the new tax law
- d) dissemination of managerial accounting techniques

2) further development of the institutional capacity of ~~ACAPAPAARM~~, focusing on:

- a) expanding membership
- b) achieving financial sustainability
- c) developing affiliations with regional and international accounting organizations
- d) developing ~~ACAPAPAARM~~'s capacity to represent the accounting and audit professions and professionals' point of view on all relevant issues

3) further development of professional capacity in accounting and auditing by:

- a) continuing to design and implement a training/testing/certification program for accountants and auditors;
- b) developing a program for promoting business skills of accountants and auditors relating to marketing services
- c) collaboration with educational institutions and the Ministry of Education to develop curriculum reform and faculty development program

4) further development and implementation of a program for increasing awareness and knowledge of accounting information users, including managers, financial market participants and shareholders.

V. TASKS/WORK REQUIREMENTS:

Task 1. Further develop ~~ACAPAPAARM~~'s institutional capacity

Within the first ~~350~~ days of the task order, the contractor will assess the institutional status of the ~~ACAPAPAARM~~ and develop a work plan to cover the entire term of the task order.

The assessment/work plan will address the comprehensive status and needs of the ~~ACAPAPAARM~~ and will include a ~~2-1~~ year business plan, to be updated every six months, including:

- a. financial plan, ~~which includes focused~~ ~~focussed~~ on the time frame for overall commercial viability, including:
 - i. projected revenue generating activities, including dues, publications, training, certification, "affinity" arrangements, etc.
 - ii. projected staff, equipment, supplies, materials and other expenditure needs

- iii. projected phasing out of donor financial support
 - iv. in particular, proposed support for staff, equipment, etc. from USAID, and its phasing out
 - v. the use of Alliance volunteers, including a timetable and scopes of work to support the specific assignments
- b. *membership programs* that will target segments of the accounting and audit profession, including, for example, enterprise practitioners; accounting, audit and consulting firm professionals, bank accountants and academics
 - c. *public relations program*, that will enhance the status of the [ACAPAPAARM](#) and improve public and government awareness and understanding of its functions and purposes
 - d. documented *plan for developing regional chapters*
 - e. *plan for developing professional links outside of Moldova*, such as with international and regional associations, through various means, such as regional conferences and internet, and, in particular, "sister" relationships with US professional associations, with provision for internships and on-the-job training in the United States.
 - f. *plan for use of Alliance volunteers to supplement technical assistance in all areas the Contractor may deem appropriate especially in the areas noted under this task including a timetable reflecting the preparation of the scopes of work, the recruitment process, and arrival and departure dates of the volunteers in-country.*

The assessment/work plan will be subject to USAID approval. It will establish benchmarks in each institutional development implementation area for each of the two phases. Before the end of Phase I, the Phase II work plan will be reviewed and revised.

The use of Alliance volunteers under this task order represents a critical and integral component to the success of this effort. In planning for the use of the Alliance volunteers, the Contractor must ensure careful planning and coordination with this entity to ensure full and timely utilization of these resources.

Task 2. Assist the MOF and NASA (if it exists) in disseminating NAS.

The contractor and [ACAPAPAARM](#) will develop a ~~conversion~~[transformation](#) manual from statutory to NAS, ~~similar to the one developed in Ukraine for the securities commission. The contractor and APAARM will adapt the manual for commercial banks.~~ The contractor and [ACAPAPAARM](#) will work with [the USAID Moldovan Tax Reform Project](#), the Deputy Minister of Finance and the tax authorities to adapt the manual for tax purposes ~~and also to~~

~~reform tax audit procedures~~ to allow for full conversion to IAS/NAS-compatible market economy accounting systems in Moldova.

Task 3. Assist ~~ACAP~~~~APA~~ARM in developing financial auditing standards

The contractor will assist ~~ACAP~~~~APA~~ARM in adopting a set of financial audit standards, including a code of ethics for auditors, based on IFAC's International Standards of Audit (ISA) and/or US Generally Accepted Audit Standards (GAAS). The advantage of ISA is that the standards are codified and arranged by topic, whereas GAAS are arranged in order of issuance. GAAS, on the other hand, tends to give more details and explicit instructions, which are likely to be more appropriate in an environment in which standards are being developed and applied for the first time. The technical content of GAAS and ISA are very similar and the two strengths can be combined.

Task 4. Develop and implement the training, testing and certification program for the ~~ACAP~~~~APA~~ARM.

During the first ~~350~~ days, the contractor will assess ~~ACAP~~~~APA~~ARM's technical training resources and complete a work plan to develop and implement comprehensive training programs for accountants and auditors. The training, testing and certification program will include, as needed, the use of Alliance volunteers bearing in mind the need for advance planning with regards to timing, scopes of work, in-country logistics, etc. The training program will be designed in the following areas (the training courses for users of accounting information in each area are covered under Task 5):

1. an overall professional training, testing and certification program.

The purpose of this training is to cover the basic accounting body of knowledge and provide the technical basis for professional accountants and auditors. This program will be closely related to the education curriculum developed for ~~the two-year~~accounting program for institutions of higher education, but will be designed as modules that practitioners can attend in addition to their professional activities. As noted in Section II, extensive work and development of training materials and development of a testing and certification program has already gone forward. The Contractor's assessment/work plan ~~will~~~~must~~ reflect how the prior training materials and testing and certification program are being ~~incorporated~~ adapted under this new effort. More specifically, the training program should access and~~must~~ include as considered appropriate the prior six accounting courses developed previously, the Train-the-Trainer Course materials, the Tool Kit (translated materials and CD-ROM). The Contractor, through its own Institute and/or The Soros Foundation, will be making a resource contribution in the development of additional training materials.

The certification program will be based on several (~~3-4-4~~) levels of professional competence, such as "accounting technician," "senior accountant," "expert accountant," "certified accountant" ~~auditor.~~ The highest level should be comparable to the level of Certified Public Accountant in the US. (This framework was already laid out by the previous contractor, and the first level (i.e. C) part 1 of 3 tested.) The Contractor will build its technical effort on the

work already done in this area. More specifically, the Contractor will utilize the *Guidelines for the Certification Program for Professional Accountants and Auditors* issued by [ACAPAPAARM](#), March 1997. The contractor should also review the recent creation in New Zealand of a three-tier certification program, and check with the International Federation of Accountants (IFAC) for other models among its member organizations. Finally, the contractor should review any other third country existing certification programs for useful application to Moldova.

The training program should cover all the important areas of market economy accounting and auditing, including:

- i. financial accounting and auditing, particularly based on the emerging NAS
- ii. managerial accounting
- iii. tax accounting, based on the new law, ~~and tax auditing~~

By the end of the Phase I of the task order contractor will have completed and administered a test for the next ~~two levels~~ two parts of level C of the testing/certification program. The [syllabus plan](#) for the remaining levels ~~(if there is one)~~ will be fully elaborated by the end of Phase II.

2. *a program to train accountants in ~~transformation~~/conversion methodology from statutory to market economy accounting.*

The primary goal is to train as quickly, as widely and as efficiently as possible accounting practitioners, both within the enterprise and as outside consultants, capable of implementing market economy accounting systems in enterprises. The training should cover the conversion methodology manual developed through pilot implementations in Task 5 of the task order. ~~The training should cover the transformation methodology based on a manual developed from the Ukrainian model primarily for the capital markets.~~ The contractor should also review materials developed in Kazakhstan and Kyrgyzstan. ~~The training should also address ultimate conversion, which would require an ultimate transformation and simultaneous restructuring of the ADB.~~

The training ~~will~~might be divided into two levels such as: bookkeeping and accounting.

Bookkeeping ~~will~~ focusing on enterprise bookkeepers and will cover the mechanics of maintaining a market economy accounting ~~system architecture~~ (ie. Some basic accounting entries), with explanation of some of the key new accounting concepts, such as accrual.

The *accounting* training ~~should~~will be aimed at enterprise chief accountants, consulting firms, and outside auditing firms, and independent accountants, ~~and who~~ will deal with aspects of market economy accounting which require judgment and analysis.

~~Each~~The course ~~will be for the equivalent of three weeks and will~~ should provide material for review and additional study. The actual schedule of the training should be considerate of

the fact that many potential participants can only attend this training on (evenings, weekends, half days, etc.) ~~will be designed to allow the participants to continue working during the training, as necessary~~ because of their work schedules.

3. special capital markets ~~listing~~ training program.

The purpose of this training will be to train chief accountants ~~to prepare of~~ enterprises ~~for listing on the Moldovan Stock Exchange in the emerging Moldovan capital markets.~~

The course will be aimed at chief accountants and outside accountants and auditors. The course will be a follow up course to the training obtained in Task 4 (2) above. ~~for the equivalent of two weeks and will~~ The course should cover both financial disclosure requirements, based on the ~~IAS transformation~~ NAS conversion manual, and auditing requirements.

The actual schedule of the training should be considerate of the fact that many potential participants can only attend this training on evenings, weekends, half days, etc. because of their work schedules.

~~The actual schedule of the training (evenings, weekends, half days) will be designed to allow the participants to continue working during the training, as necessary.~~

4. tax accounting training.

The purpose of this training will be to provide accountants with the necessary expertise to assist enterprises in complying with the new Moldovan tax law. The course will be aimed at chief accountants and outside accountants and auditors.

~~The training will be based on a one week basic training course, with a series of one day workshops on selected topics or issues.~~

5. a business skills training program.

The purpose of this training will be to provide accountants and auditors and accounting and audit firms the basic business skills for providing accounting and audit services.

The program will be based on a series of ~~1-2 day~~ workshops, which will cover the key business areas, including overall business management, marketing, proposals, presentations, etc.

~~6. bank accounting program~~

~~The contractor and APAARM will also coordinate with the bank training program in Moldova to provide training for bank accountants related to conversion of commercial banks to market economy accounting systems.~~

All training modules will include comprehensive testing when considered appropriate by the

[contractor](#).

All training programs ~~will~~[should mainly](#) focus in the pilot stages on training trainers. ~~ACAPAPAARM~~ will draw from this pool of trainers to roll out the pilot training programs, including to the regions.

The accounting training will be based on the co-financed (by Soros and USAID) CD-ROM based accounting program, including Soros' corresponding and supplementary written training materials.

The contractor should coordinate closely with other USAID accounting programs, especially in Ukraine, Russia, Kazakhstan and Georgia to avoid duplication of effort and promote maximum regional harmonization of testing and certification criteria.

The certification program will also be developed in coordination with certification programs being developed in other NIS countries, particularly the one for Russia developed for the National Training Foundation. In addition, the contractor will develop the certification program in reference to the requirements for eventual accession of ~~ACAPAPAARM~~ to the International Federation of Accountants (IFAC).

The scheduling of training events, ~~the dates, and~~ the number and nature of [projected](#) participants at each will be determined in the work plan.

The assessment/work plan will be subject to USAID approval. It will establish benchmarks in each training implementation area for each of the two Phases. At the end of Phase I, the work plan will be reviewed and revised.

The Tangible Results section indicates targets for the 15-month period of the task order.

Task 5. Develop professional capacity and technical methodologies through pilot implementations

It is essential to work in actual enterprises to develop and illustrate ~~transformation/~~conversion methodologies for financial accounting [and tax accounting](#). ~~,the ADB and managerial accounting, as well as financial auditing~~. The pilots will also give accounting and audit consultants valuable experience in providing services to enterprises.

During the first ~~630~~ days, the contractor will select [46](#) joint stock companies for complete conversion of their accounting systems and form [46](#) teams to undertake these pilots. ~~(To avoid having to maintain two separate accounting systems, the contractor will make every effort to get permission from the tax authorities for modified tax audit requirements.)—~~

The enterprises will be selected based on criteria measuring their motivation, including need to raise capital, need to improve competitiveness, and/or need to report to shareholders (including investment funds). Another criteria will consider impact on other firms in the

same market system, including lateral, upstream and downstream links.

The contractor will ~~then~~ tender for accounting and consulting firms and individual accountants to comprise each of the six teams and perform the work, in collaboration with the accounting staffs in each enterprise.

~~The conversion will include installation of a market economy accounting data base, development of standard financial accounting report formats and development of appropriate managerial accounting capacity, particularly in the areas of cost accounting and budgeting.~~
The conversion to the 12 core NAS will serve as case studies for the development of a conversion methodology manual. This manual to be used to train accountants per Task 4(2) of the task order. This manual should be complete within 150 days.

The first pilots will be completed in not more than 120 days. At the end of that time, the enterprise will be producing IAS-compatible financial statements based on a reformed market economy accounting system data base. ~~dThe contractor will evaluate the efficacy of using software such as Peachtree or ACC-PAC (now marketed in Russia) to facilitate the process.~~

At the point of completion, the contractor will develop a work plan for completing conversions within 90 days ~~and doubling the number of teams and enterprises~~ for as many pilot implementation cycles as can be fit in the remaining period of the task order. In this roll-out phase the contractor should evaluate the efficiency of using software such as Peachtree or ACC-PAC (now marketed in Russia) to facilitate the process.

The contractor will build on its extensive experience addressing financial management issues in Moldovan enterprises and working with Moldovan consultants and accountants.

Task 6. Develop with ACAPAPAARM an educational reform program

Within ~~350~~ days of the start of the task order, the contractor will prepare an assessment and develop a plan for the reform of the accounting curriculum and development of the faculty in at least one public ~~and one private~~ institution of higher learning in Moldova. Working with the selected institutions and the Moldovan Ministry of Education, the contractor will determine if accounting educational reform is feasible at this time.

The goal will be an two-year accounting program that produces graduates at approximately the US CPA western-standard of required accounting education.

During the course of the task order, the contractor will seek to develop links with US academic institutions with accounting programs; the American Association of Accountants (AAA), which is an association of accounting academics and other institutions with experience in accounting education in the NIS and CEE, in order to facilitate design and implementation of a new accounting curriculum and to provide training for faculty.

The contractor will coordinate the need to develop faculty, with the training programs described above.

The assessment/work plan will be subject to USAID approval. It will establish benchmarks in each education implementation area for each Phase. At the end of Phase I, the work plan will be reviewed and revised for Phase II.

Task 7. Improve information and awareness of users of accounting information

During the first ~~350~~ days the contractor will design a public education program for increasing the awareness, information, and education of users of accounting information, including managers, investors, shareholders and creditors. The program will be based on ~~1-day~~ workshops, seminars, roundtables, media interviews and publications.

The program will complement some of the accountant/auditor training programs described above, including:

1) special capital markets program.

The public education program will target investors, shareholders and managers.

The program will include 10 ~~one-day~~ workshops covering the requirements for all three ~~or four~~ tiers, as well as a printed guide for users (investors and shareholders) of the financial information ~~for each tier~~, explaining its utility and limitations.

2) enterprise conversion from statutory to market economy accounting.

The target audience will be enterprise managers with their key management staff, including chief financial officer.

The program will include ~~105 one-day~~ workshops over the course of the task order.

The program will also include preparation and wide dissemination of a brochure explaining the reasons, advantages and process of conversion.

3) managerial accounting program

The target audience will be enterprise managers, ~~with their~~ key management staff, ~~and including~~ chief financial officers.

The program will comprise ~~105 one-day~~ workshops and printed material explaining the concepts and utility of managerial accounting.

Task 8. Development of CD-ROM-based managerial accounting component.

Note: Contracting officer authorization is required prior to the use of USAID funding under this task order for this task . See note in the Budget.

USAID and EWMI have in Russia co-financed the development of a comprehensive training

program on CD-ROM suitable for self-study and testing. The program thus far covers financial accounting and financial auditing, as well as aspects of tax accounting and auditing. As part of this task order, USAID and EWMI will co-finance the development of a managerial accounting module, which will cover the principal aspects of managerial accounting, including cost accounting, budgeting and corporate finance/investment analysis issues. This component is likely to be implemented in the second half of this task order so as to be supplemented by some of the case studies obtained from the work with the pilot enterprises. The development of the CD-ROM and testing may require five to six months and therefore its implementation will not occur till Phase II of this activity.

The contractor and [ACAPAPAARM](#) will also coordinate with bank accounting/audit and tax accounting/audit training developed under other task orders. In addition, training for loan officer credit analysis can be developed, if the commercial banks indicate adequate demand.

The public education program will aim at creating the capacity for [ACAPAPAARM](#) to continue this effort beyond the time of the task order. This program will be reviewed and revised every six months during the task order.

The program will be designed for the length of the task order and will be reviewed, revised and extended at the end of Phase I to cover Phase II.

VI. Benchmarks/Tangible Results

The Contractor understands and agrees that achievement of Tangible Results is the essence of the task order and that USAID will judge the Contractor's success (or lack thereof) in the task order based upon whether or not the Tangible Results are achieved. In the event that any one or more of the Tangible Results is (are) not achieved, or should the Contractor at any time realize that they are not achievable, then the Contractor shall immediately advise USAID in writing and, in the next report required as part of the task order "Reporting Requirements," shall provide a complete explanation relating thereto.

1. [ACAPAPAARM](#) institutional development

End of Task Order Tangible Result:

A fully established SRO ([ACAPAPAARM](#)) responsible for:

- (i) interpreting and disseminating financial and managerial accounting and financial auditing standards and practices
- (ii) establishing and administering professional training/testing/certification standards for the accounting and auditing profession

will be functioning.

End of Phase I Tangible Results:

- 1) *an established membership*: the association will have increased from its current 300 members, to at least 400 dues-paying members
- 2) *regular meetings*: the general association will have at least one meeting
- 3) *functioning working committees*: working committees including tax, financial auditing, financial accounting, managerial accounting, training, and membership will be established and will have annual work plans in place.
- 4) *regular reporting to members*: the association will have mailed at least two ~~monthly~~ semi-annual reports to all members, which will include a financial report and reports from all the working committees
- 5) *documented operating procedures, mission statement*
- 6) *a business plan for the following 8 months (the duration of Phase II).*
- 8) *a code of ethics for accountants and auditors presented for adoption by the association.*
- 9) *a plan revenue raising activities*, such as training, publications and membership dues will be developed and adopted.

Phase I Benchmarks:

After ~~3~~50 days: assessment and work plan for institutional development.

End of Phase II Tangible Results:

- 1) *an established membership*: the association will have increased from its current 300 members, to at least 600 dues-paying members
- 2) *regular meetings*: the general association will be meeting at least once a year ~~every three months~~,
- 3) *functioning working committees*: working committees including tax, financial auditing, financial accounting, managerial accounting, training, public education and membership will be meeting at least once every month, and will have annual work plans in place.
- 4) *regular reporting to members*: the association will mail a monthly report to all members, which will include a financial report and reports from all the working

committees

5) adequate support staff, equipment, materials

6) documented operating procedures, mission statement

7) a business plan for the following ~~32~~ years (beyond the end of the task order).

8) a code of ethics for accountants and auditors adopted by the association.

9) revenue raising activities, such as training, publications and membership dues will be in place.

Financial targets will be part of the work plan, which will be revised every six months during the term of the task order.

2. Dissemination of NAS

Phase I Tangible Result:

The contractor will complete a ~~three transformation~~ conversion manuals, based on the ~~Ukraine model~~ pilot implementations in Task 5, for moving from statutory accounting to ~~IAS~~ NAS based reporting:

Basic enterprise manual: ~~150~~ 60 days

Tax version: ~~210~~ 90 days (if not developed by USAID Moldovan Tax Reform Project)

~~Commercial bank manual: —~~ 90 days

3. Financial audit standards

Phase I Tangible Result:

~~ACAP~~ APARM will have adopted and published a comprehensive set of audit standards (including ethical standards) based on GAAS and/or ISA .

Phase I Benchmark:

The audit standards code will be ready for publication ~~120~~ 210 days after the start of the task order.

4. Trained, tested, certified and functioning accountants and auditors

Phase I tangible results:

1. *Materials:* Complete and tested materials for the training programs listed below.

2. *Trained and successfully tested participants:*

a) certification program:

Level ~~1~~C (part1): ~~30~~20

Level C (part2): 5

Level C (part3): 0

Level 2: ~~10~~

Level 3: ~~0~~

Level 4 (if required): ~~0~~

b) ~~transformation~~/conversion training:

Trainers: 30

Others: 20

c) capital markets training with close cooperation and coordination with USAID Moldovan Capital Markets Project: 20

d) tax accounting with close cooperation and coordination with USAID Moldovan Tax Reform Project:

Trainers: 25

Others: 50

e) business skills: 20

Phase I Benchmarks:

After ~~3~~50 days: assessment and work plan for all training programs:

Phase II cumulative (end of task order) tangible results:

1. *Materials:* Complete and tested materials for the training programs.

2. *Trained and successfully tested participants:*

a) certification program:

Level 1: ~~75~~

Level 2: ~~50~~

Level 3: ~~25~~

Level 4: ~~10~~

Level C (part1): 100
Level C (part2): 50
Level C (part3): 25

b) ~~transformation~~/conversion training:

Trainers: 60
 Others: 150

c) capital markets training with close cooperation and coordination with USAID Moldovan Capital Markets Project: 100

d) tax accounting with close cooperation and coordination with USAID Moldovan Tax Reform Project:

Trainers: 100
 Others: 200

e) business skills: 100

5. Comprehensive financial disclosure (financial accounting) requirements, compatible with ~~IN~~AS, and assurance testing standards (financial audit) compatible with National Standards on Auditing (NSA)/ISA~~ISA~~, developed and adopted for joint stock companies under the oversight of the SC.

Phase I Tangible Result:

~~APAARM and~~ Moldova's SCSM will have issued comprehensive financial disclosure, based on conversion manual to NAS~~the transformation manual~~ (see Task 2 and Task 5) and assurance testing requirements, based on GAASNSA/ISA (see Task 3) for JSCs listed on the Moldova Stock Exchange.

Phase I Benchmarks:

After ~~3~~50 days: assessment and work plan

See Tasks 2, 3 and 5~~3~~.-

6. Comprehensive accounting ~~2-year~~ educational curriculum in place with qualified faculty in at least one Moldovan institution of higher education

Education curriculum reform is a new area in USAID-supported accounting reform programs, and the resources applied and desired outcomes will depend a great deal of the commitment of the counterparts to move forward.

Phase I benchmark:

After 350 days: assessment, work plan, plan and ~~Memo of Understanding signed by USAID and cognizant government counterparts and participating educational institutions.~~

Additional benchmarks for completion of course materials and training of faculty will be determined by the work plan developed during the, broken into Phase I benchmarks and tangible results and Phase II benchmarks and tangible results.

~~7. Users of accounting information have been informed and trained~~ Improve information and awareness of users of accounting information

Phase I tangible results:

Total user participants ~~in 1 day programs:~~

- a) capital markets program: 50
- b) enterprise conversion program: 50
- c) managerial accounting program: 50

Phase I benchmarks:

After 350 days: assessment and work plan

Other benchmarks concerning public education program will be identified in the approved work plan, which will be reviewed and revised for Phase I and Phase II.

Phase II cumulative (end of task order) tangible results:

Total user participants ~~in 1 day programs:~~

- a) capital markets program: 150
- b) enterprise conversion program: ~~20~~150
- c) managerial accounting program: ~~20~~150

~~8. Enterprises using market economy accounting systems, including both financial and managerial accounting~~ Develop professional capacity and technical methodologies through pilot implementations (See Task 5)

Phase II tangible results:

Target enterprises will be using market economy accounting systems to produce financial statements and provide information for managerial accounting analyses appropriate to the enterprise.

The cumulative number of these enterprises by the end of the task order: 20

Phase I benchmarks:

After ~~350~~ days: ~~64~~ enterprises selected for pilots and ~~64~~ accounting teams formed.

After up to 120 days (90 days after enterprises selected):

1. the first ~~six~~ four enterprise accounting conversions completed
2. a revised work plan for remaining pilot implementation cycles indicating targeted number of conversions achieved at each 90-day interval during the term of the task order.

After up to 150 days a conversion manual to NAS based on first four pilots will be completed.

Phase II cumulative (end of task order) tangible results:

The cumulative number of these enterprises by the end of the task order: 20

9. The USAID-EWMI cofinanced accounting and auditing training CD-ROM includes a module covering managerial accounting.

Phase I Tangible Result: Not applicable and/or subject to further review of the proprietary issues surrounding the cofinancing of the CD-ROM.

Phase II Tangible Result: Development of the managerial accounting module for the accounting and auditing CD-ROM is completed. Training and implementation of the CD-ROM package in progress for a minimum of three months.

VII. TRAINING

Training programs are an integral part of this task order and are to be provided to Moldovan bookkeepers, accountants, enterprise accountants and enterprise managers, etc.

VIII. ESTIMATED LEVEL OF EFFORT

The level of effort for this task order is estimated to be a maximum of 1108 expatriate work days and a maximum of 3080 CCN/TCN work days. The following expatriate specialists are included:

	Approved Fixed Daily Rate
Thomas Tschetter	Accountant II
Michael Neider	Accountant II

The labor category and level for all U.S. expatriates must be proposed to and approved by the contracting officer. The labor mix may be adjusted as necessary in order to meet the requirements of this order. The maximum days for U.S. expatriates shall not be exceeded without advance approval by the contracting officer.

Subject to the approval of the COTR, the contractor may increase the level of effort

by up to 25 percent. Any increase in excess of 25 percent must be approved by the contracting officer.

I. Long-term TA

1. Team Leader: Will manage contractor team and coordinate with other USAID program and other donor/development organizations efforts in accounting reform from the perspective of developing the accounting and audit SRO. Will also interact and coordinate with cognizant government entities. Will be responsible for overseeing adoption of financial accounting and auditing standards. Will also manage training and education reform component, supported by short term assistance (see below). Should be a senior certified public accountant (CPA) and have extensive experience working with the current post-Soviet statutory accounting system, Soviet-trained accounting professionals and relevant host government counterparts. Fluency in the Russian and/or Romanian language is highly desirable.

SRO Development

2. SRO Institutional Advisor. Will assist and advise SRO to develop its institutional capacity including financial independence and sustainability, as well as mission statement, organization, public relations, financial plan and other related activities. Should have extensive experience building SROs, as well as experience in this area working in the NIS. Fluency in the Russian and/or Romanian language is highly desired.

Pilot Implementations:

4. Implementation Team Leader. Train and direct 6 teams of local subcontractors working with enterprise accounting staff to implement financial management systems in pilot enterprises. Should have extensive results-oriented accounting experience at the enterprise level having worked with both Western and NIS enterprises, and thorough knowledge of post-Soviet statutory accounting and conversion issues. Fluency in the Russian and/or Romanian language is highly desired.

2. Short-term TA

The budget provides for up to 200 days of short-term assistance in areas of special expertise and/or experience that become evident during the course of the task order. Most of this LOE will be devoted to specific training and comprehensive education reform. It is anticipated that a short-term assignment, which will be approved in advance by USAID, would continue for between one week and three weeks.

Examples of possible short-term assignments include specialists to help develop accounting curricula in institutions of higher learning, develop the corresponding faculty capacity, as well as to select pilot enterprises on the basis of enterprise motivation and leveraging impact, provide senior specialists from such organizations as FASB, AICPA and/or SEC to explain and advocate the roles and development of private sector SROs, accounting practitioners to

assist accounting and audit professionals in establishing viable commercial practices.

3. Local Subcontractors

The Contractor will retain local professionals and firms including accountants, auditors, consultants and lawyers, as required.

IX. COORDINATION RESPONSIBILITIES

To avoid duplication of effort, the Contractor will utilize, to the extent possible, both materials and methodologies proven successful in institutional development by other consultants serving on USAID-funded projects in the NIS. Additionally, the Contractor will refer to materials made available through the efforts of other members of the international donor community and shall work in a collaborative spirit with these consultants to achieve efficient completion of selected activities.

X. MANAGEMENT RELATIONSHIPS

The Contractor will coordinate with USAID/Washington, D.C. Walter Coles, Jr. and Project Officer, Gregory Hemphill, with USAID/Kiev Privatization Division Chief Steven Hadley and Project Officer Loreta Williams and with Paul Morris, USAID/Chisinau, on an as-needed basis, for all programmatic, contractual and financial/administrative issues.

The Contractor will also work in conjunction with both independent and public local institutions, namely, the Ministry of Finance of the Republic of Moldova, the World Bank, the State Commission on Securities Markets of the Republic of Moldova, and the National Bank of Moldova to implement the goals of this task order. Where guidance received from either of these parties is inconsistent with the terms of this task order, the contractor will notify USAID and all parties will meet to resolve the outstanding issue(s). The Contractor will also hold a weekly meeting with the USAID in-country representative and with a representative of the U.S. Embassy in Moldova to provide an update on all ongoing activities.

XI. REPORTING REQUIREMENTS

Technical assistance needs to be implemented with considerable flexibility and pragmatism to reflect the changing environment. However, significant shifts in approach and changes in work plans will require written approval by USAID. The form of reporting and communication with client personnel shall be tailored to the needs of the work program and facilitate project monitoring on the part of USAID.

The required reports (listed below) will focus on substance and will detail progress made against the Tangible Results/Benchmarks specified in this task order. Additionally, the reports will contain budgetary status information against all levels of effort.

The Contractor is required to provide the following reports to USAID/Washington, USAID/Kiev, and USAID/Chisinau:

1. Implementation Schedule

a) The Contractor will provide within ~~3~~50 days of the beginning of the period of performance an implementation schedule for this project. The implementation schedule will be based upon this scope of work anticipated by the Contractor, for obtaining the results stated in the deliverables of this Project.

b) The Contractor will provide within ~~3~~50 days of decision, a brief (one page) memo highlighting the analysis of any decisions primary to the success of this project. For example, this might include the developing of the tender documentation, identification of firm(s) and local nationals who may participate under the project. Any question of what is considered to be primary to the success of the project should be addressed to the task manager.

2. Monthly Reports will be comprehensive but precise in detail and report on only that information which is crucial to the success of the project including issues of implementation and achievements plus any proposed changes or refinements to the work plan according to the following format and will highlight at a minimum the following: 1) completion of, or progress to date against, deliverables as stated in ten deliverables section of this Project; 2) proposed changes or refinements to the scope of work or working plan; 3) problems encountered during the reporting period, if any; 4) significant lapses in coordination, if any, that have adversely affected the contractor's work progress; 5) open issues of importance from previous reports that remain unresolved and require decisions; 6) changes/revisions of forecasts from previous reports and reasons/causes; and 7) forecast of next six weeks.

The monthly reports are to be submitted to USAID/W, USAID/Kiev and USAID/Moldova within five business days of the end of each month. These reports will focus on specific results and achievements of required tasks and will also detail any foreseen obstacles in program implementation within the dynamic economic environment.

All reports are to be addressed as follows:

U.S. Agency for International Development
Ronald Reagan Building
Washington, D.C. 20523
Attention: Gregory Hemphill, ENI/PER

U.S. Agency for International Development (USAID/Kiev)
Department of State
Washington, D.C. 20521-5850
Attention: Loreta Williams, PRIV

U.S. Agency for International Development (USAID/Chisinau)
U.S. Embassy

Chisinau, Moldova
Attention: Paul Morris, Country Program Officer

3. In the event any significant constraints to the completion of a specified Tangible Result or Benchmark are identified, the Contractor, on a timely basis, will outline the rationale and recommendations for a programming shift and submit same for USAID review and approval.
4. Completion Report - At the completion of the Task Order, the Contractor will prepare a completion report which highlights accomplishments against workplans; the success in attaining these is stated through deliverables/benchmarks and tangible results. This should include a line item comparison of the deliverables stated in the scope of work and approved workplan. The report may provide recommendations for further refinement, enhancement, logical extension, or expansion of the completed work. Any perceived problems, vulnerabilities or weaknesses in the systems developed. The report should also provide any recommendations the Contractor has to address for the identified weaknesses.

XII. COUNTRY/COUNTERPART CONCURRENCE/CLEARANCE

The host country counterpart for this Task Order is the **Association of Professional Accountants and Auditors of the Republic of Moldova** ([ACAPAPAARM](#)) represented by the Chair of the Association.

This activity has been cleared by USAID/Kiev Privatization Division Chief, Steve Hadley.

XIII. SPECIAL INSTRUCTIONS

1. In the course of implementation, the consultants will produce documentation and guidelines which may be used for replication by other institutions. These should be instructive, streamlined and adaptable to various environments in different regions of Moldova and will not require extensive foreign expertise but utilize local expertise for implementation.
2. Any equipment procurement will demonstrate efficiency and cost effectiveness. Under future activities, including the development of new institutions, these institutions will be required to bear the cost of new equipment procurement.
3. Consultants will make a firm commitment to stay on site for the duration of the project. Consultant travel off site should be limited to essential trips related to the project or be approved by the Host Country Counterpart and USAID.
4. The Contractor will obtain the approval of the Task Manager/COTR before making any changes in personnel assigned to the Project. In addition, the Contractor shall obtain the approval of the Host Country Counterpart and USAID/Chisinau if personnel assigned to this

Project shall be out of Moldova or working on other projects in the NIS or another country at any time during the Project being implemented under this task order.

5. The Contractor shall make a firm effort to recruit and train Moldovan staff for operating roles in the program so that the role of foreign contractors can be diminished.

6. Prior to having interviews with foreign or local press, releasing press releases, holding news conferences, or other communications with the news media regarding activities under this task order, the Contractor will consult with appropriate officials of the host country entity receiving assistance as well as USAID personnel concerning any such proposed communications. The Contractor agrees to coordinate such communications with host country entity and USAID as necessary to ensure that the role of the host country entity is accurately explained and described.

7. This represents USAID's best estimate of technical support requirements. Work under this task order may lead to additional requirements not foreseen at this time, calling for an amendment during the course of the project. The "amendment" in this case will be pro-forma and not require the usual investigation into the technical support line-up, and should not stop the flow of work.

8. Official country clearances for experts will be made no less than one week prior to mobilization and will be made to Paul Morris, USAID Country Representative in Chisinau, Moldova with a copy to USAID/W and USAID/Kiev.

Final approval/execution of this task order serves as authorization for initial travel for the following expatriates:

9. A five-day work week is authorized for all staff under this project.

10. The Contracting Officer's Technical Representative/Task Manager is Loreta Williams in USAID/Kiev. The address for this individual can be found under the reporting section of this document.

11. At no time during the period of this task order shall the Contractor increase any of the cooperating country nationals' salaries. All local hire salaries must be in compliance with the salary schedule and guidance issued by USAID/Chisinau, September 2, 1997.

~~XIV. BUDGET~~

~~The task order budget:~~

Labor	\$1,384,433
Software Development*	\$ 210,495
APAARM Support Grant**	\$ 50,000
Other Direct Cost	\$ 890,987
 CEILING PRICE	 \$2,535,915

~~The Contractor may exceed any line item of the task order budget by up to 15% provided that the ceiling amount of the task order is not surpassed. The COTR must approve any line item flexibility above 15%.~~

~~*This is the planned USAID contribution to the development of CD-ROM managerial accounting training program (Task 8) for which EWMI will share the balance of cost. EWMI and USAID will make a best effort to resolve data rights issues as soon as possible. Once these matters are resolved, the contracting officer will authorize expenditure of USAID funds for this purpose. Until so authorized, cost shall not be incurred under this task order for Task 8.~~

~~**Contracting officer approval is required prior to EWMI award of this grant.~~

~~For the purpose of monitoring work under this task order, the COTR may require a detailed budget in the same or similar format as provided during negotiations.~~

~~Pursuant to the Time and Material Payment FAR clause 52.232-7, contracting officer approval is required to increase the ceiling price.~~

~~As indicated on page 1, this order will be incrementally funded. Until the order is fully funded, the notice and other requirements of FAR 52.232-22 "Limitation of Funds" shall apply.~~

~~XVI. PHASE II CONTINGENCY~~

~~*If USAID decides that either because of lack of additional funds or lack of accomplishment in Phase I, Phase II will not be undertaken, USAID will notify the contractor to that effect at least 60 days before the end of Phase I.*~~

Attachment 2
MARP Final Report
March 16, 1998 –
December 31, 2000

Task Order
With Changes at December 17, 1998

MOLDOVAN ACCOUNTING REFORM TASK ORDER

Total length: 15 months

Phase I: 7 months;

Phase II: 8 months;

I. SUMMARY

This task order continues USAID support for accounting reform and development in Moldova. The principal components include:

1) further development of the technical basis for accounting and auditing through:

- a) dissemination of NAS/IAS, including development of enterprise conversion methodologies to NAS*
- b) adoption and dissemination of International Standards of Audit (ISA)*
- c) dissemination of the accounting basis for the new tax law*
- d) dissemination of managerial accounting techniques*

2) further development of the institutional capacity of the Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP), focusing on:

- a) expanding membership*
- b) achieving financial sustainability*
- c) developing affiliations with regional and international accounting organizations*
- d) developing ACAP's capacity to represent the accounting and audit professions and professions' point of view on all relevant issues*

3) further development of professional capacity in accounting and auditing by:

- a) continuing to design and implement a training/testing/certification program for accountants and auditors;*
- b) developing a program for promoting business skills of accountants and auditors relating to marketing services*
- c) collaboration with educational institutions and the Ministry of Education to develop curriculum reform and faculty development program*

4) further development and implementation of a program for increasing awareness and knowledge of accounting information users, including managers, financial market participants and shareholders.

The task order is designed to be implemented in two phases: Phase I will be for 7 months and Phase II for 8 months. Implementation of Phase II will depend on the availability of funds and adequate success in Phase I.

II. PROGRESS TO DATE

Under two prior USAID task orders, significant achievements were achieved in setting in motion and creating a favorable environment supportive of accounting reform in Moldova. This effort

began with the creation of the Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP) registered with the Ministry of Justice on August 16, 1996. Its fledgling success as a service organization is shown by the rapid growth of its membership - from 35 founders to more than 300 members, including two branch associations outside Chisinau as of March, 1997.

To create this entity significant efforts were required to obtain the Charter, develop its By-laws, membership applications, establish individual committee objectives, design a logo, and set annual dues and registration fees. The activities of ACAP are currently supported by an Executive Director, Assistant Executive Director and a Secretary and its headquarters comprise of three offices. The Association also has a small library of over 120 books.

In 1996 and 1997 technical assistance was provided to ACAP to develop its organizational management skills, professional development, training and network-building. As part of its institutional development, a Strategic Plan and a Association Budget for 1997 were developed with sources of revenue being derived primarily from its membership base, training and affinity programs.

Training is a key element in the continuing professional development of Moldova's auditors and accountants. During these two prior phases, the following six courses were developed:

Basic Accounting	External Auditing
Management Accounting	Managing an Audit Firm
Financial Accounting	Int'l Accounting Standards

The above-six courses together with a Train-the-Trainers Course have been offered by the Association with the assistance of expatriate consultants and these courses together with relevant materials have been retained by the Association. In addition, the Association has 9 accounting and auditing courses from TACIS projects and eight modules of training material from other USAID contractors.

Also a Tool Kit comprising Deloitte Touche training materials is available to the resource center of the Association. This Kit provides basic and advanced treatment of the differences between International Accounting Standards and current Moldovan accounting practices. It has been tested with Moldovan managers and World Bank consultants and it is expected that the Association will use it as a revenue source in the future.

Training was also provided to local professionals capable of delivering four courses without expatriate assistance, i.e., Basic Accounting, Financial Accounting, International Accounting Standards and Train the Trainers.

Significant efforts, including those of the Association, have resulted in the design and development of a comprehensive Certification Program for the Association consisting of three levels. Certification Guidelines were developed including a Continuing Professional Education requirements and a Code of Professional Ethics for Qualified Expert and Certified Accountants. The first level examination was offered in March 1997 at which time 23 individuals took this exam and four passed the examination.

III. BACKGROUND

1. Overall state of accounting in Moldova

The major issues in accounting in Moldova are currently:

- a) establishment of market economy *financial accounting*, which provides financial information to shareholders and investors, based on National Accounting Standards (NAS), which in turn are based on International Accounting Standards (IAS)
- b) establishment of *financial audit* capacity based on International Standards of Audit (ISA) to support financial accounting
- c) reform of *tax accounting*, to include reconciling from book income to taxable income.
- d) understanding of *managerial accounting* in enterprises to improve operations.

Each of these areas--tax accounting, financial accounting, audit and managerial accounting--need to be approached from four perspectives:

- a) improving the *technical basis* of each kind of accounting and auditing
- b) establishing the *institutional, legal and regulatory framework* for tax and financial accounting and auditing
- c) increasing the *demand* of users of financial and managerial accounting information
- d) increasing the *professional capacity* of accounting and audit practitioners.

2. The Memorandum of Understanding establishing institutional roles in accounting reform and development

For accounting reform and development to succeed in Moldova, it is critical to determine the roles of the various government and private sector organizations involved. Towards this end, a Memorandum of Understanding ("Memo") was signed by the Minister of Finance, the Vice Minister of Finance responsible for accounting and tax, the President of the Board of Directors of the USAID-supported ACAP, the United States Ambassador, the Resident Representative of the World Bank, the State Commission for Securities Markets (SCSM), and the National Bank of Moldova.

The Memo defines the role of each of the Moldovan signatories and establishes a firm basis of cooperation and complementarity. In particular, ACAP has been recognized by the Moldovan Government as the primary training and implementation institution for managerial accounting and financial accounting and auditing. The Memo provides that ACAP will develop training and testing programs and seek MOF approval for eventual certification of accountants and auditors. ACAP will participate on the proposed National Accounting Standards Agency and will have primary responsibility for developing financial auditing standards based on International Standards of Audit (ISA).

3. Financial accounting and auditing

- a) *Adoption and implementation of International Accounting Standards (IAS).*

Moldova, led by the Deputy Minister of Finance who handles both the tax and accounting

methodology departments of MOF, has opted to adapt IAS to Moldova, creating National Accounting Standards (NAS). An Accounting Working Committee (AWC), comprising representatives from cognizant government entities, academics and private-sector professionals, working with the Deputy Minister, supported by a World Bank technical assistance grant, has prepared 12 core NAS. These 12 are essential for implementation of both the new Tax Law and a reformed market economy financial accounting system.

These standards were promulgated on December 30, 1997, with an effective date of January 1, 1998, which will allow for simultaneous implementation of the new Tax Code. The IMF and World Bank have strongly supporting implementation of both the new tax law and financial accounting system as of this date. The AWC intends to issue about 4 additional standards per quarter until the essential approximately 25 International Accounting Standards that will be applicable to Moldova are issued.

Implementation of NAS will require extensive training of practitioners, which is to be led by the ACAP. This training will need to be based on pilot implementations to develop conversion methodologies. In addition, longer term development will depend on reform of the accounting curriculum in institutions of higher learning and the development of their faculty.

The Ministry of Finance has prepared a proposal to replace the AWC with a financial National Accounting Standards Agency (NASA), which is to include representation from MOF, ACAP, SCSM and the National Bank. This proposal will be evaluated by USAID and the Contractor to determine what support can be provided for this institution. It is unlikely that direct financial support for the operations of such a board will be directly available from USAID funds, though some technical assistance through this task order may be forthcoming to assist in the adaptation/adoption of any additional important standards. (The creation of a sustainable NASA in any NIS country is a difficult proposition, given the limited resources and expertise, which can be largely avoided by adopting IAS directly, as is being done by the Securities Commission and National Bank in Ukraine, since the main ongoing function of NASA will end up being keeping NAS reconciled with IAS.)

b) Adoption of International Standards of Audit.

Per the terms of the Memo, ACAP will be responsible for developing financial audit standards based on ISA. ACAP will also develop the necessary training for both practitioners and users of financial audits.

c) Use of financial accounting in the capital markets and JSCs Shareholders of Joint Stock Companies (JSCs) and investors in the Capital Markets are a user of financial accounting data. Demand from these sources is still embryonic. As the introduction of NAS begins, the SCSM needs to develop financial disclosure requirements, based on NAS, including any additional information appropriate for capital markets and corporate governance. It will be necessary to increase the awareness and understanding of investors, shareholders and managers of the use of financial information.

4. Tax accounting

New Tax Code. The new Moldovan tax law on profit and income tax has been passed by Parliament. The law takes effect as of January 1, 1998. The new law determines the basis for

taxing enterprise profit largely based on NAS, though certain provisions, such as the limited deductibility of certain business expenses as travel, will separate tax accounting from IAS-compliant financial accounting. Again, implementation will require extensive training and education of practitioners and government tax authorities.

5. Managerial accounting and reform of the accounting system in enterprises

It is important that enterprises move towards adopting comprehensive accounting systems, that not only serve financial and tax reporting needs of external users, but also provide the accounting data for managerial accounting analysis.

Implementation and utilization of managerial accounting techniques will require extensive training and education of practitioners and users (primarily managers).

6. Enterprise implementation of market economy accounting

Implementation of market economy accounting must begin immediately in order to develop experience, expertise and relevant methodologies. With new National Accounting Standards effective January 1, 1998, it is imperative that pilot enterprises are chosen as soon as possible to be converted to NAS. These enterprises will serve as a basis for the development of a conversion methodology.

A major issue in promoting enterprise implementation of market economy accounting systems will be targeting the most propitious groups of enterprises to lead the process. These are likely to include:

- a) enterprises interested in raising financing in the capital markets
- b) enterprises interested in participating in donor sponsored loan programs, such as USAID's Enterprise Fund, the EBRD and the World Bank
- c) enterprises with Western partners (estimated to be about 400 in Moldova)
- d) enterprises majority-held by investment funds or other owners interested in increasing the value of their investment
- e) enterprises in relatively competitive market systems
- f) JSCs with a strong commitment to corporate governance

7. Implementation in banks

As is generally the case in the CIS, the banking sector is ahead in preparing for the conversion to IAS-based financial accounting. There are currently about 20 commercial banks in Moldova. Five banks have already undergone limited conversion at the financial reporting level and have also been audited in connection with participation in the EBRD enterprise loan program. Another two banks have undergone pilot limited conversions under a USAID-financed project.

While the central bank is primarily interested in financial reporting from commercial banks, these banks will have to introduce a reformed accounting system and develop managerial accounting

techniques and applications in order to become efficient.

The USAID contractor working with the banks estimates that 300 bank accountants will need intensive and follow-up training for the full conversion to occur in all the commercial banks.

8. Training and education of both practitioners and users of accounting information

It has been indicated that a huge training effort in all areas of accounting for both practitioners and users will be needed in Moldova. The Memo gives ACAP the primary role in this area. Enterprise accountants, consultants, auditors, government officials (including state tax inspectors), managers, owners (especially shareholders) and investors will all need training in the new tax and/or financial accounting systems. A smaller universe of users, comprising primarily practitioners and managers, will need training in managerial accounting.

In addition, it is crucial to reform the accounting education system in Moldova. This requires both curriculum reform, including introducing new courses to cover the adoption of NAS/IAS, ISA, and managerial accounting. Faculty will have to be developed to deliver the new educational material.

To support the new training and education and give credibility to the emerging accounting and audit professions, ACAP is developing a system of testing that will measure capacity development in the key areas of accounting and auditing. Eventually, and in collaboration with the Government of Moldova (GOM), this will serve as the basis for a system of certification and licensing of accountants and auditors.

9. ACAP institutional development

At the core of the USAID's accounting reform and development strategy in Moldova is support and development of ACAP.

The enormous amount of training and professional development that will be required to implement the enterprise accounting conversion to meet the requirements of IAS-based financial accounting and auditing, the new tax law and managerial accounting can only be achieved by development of a strong, self-regulating association of accountants and auditors.

USAID has financed support for developing ACAP since May 1996. Tremendous progress has been achieved. ACAP currently is registered as an NGO with the Ministry of Justice. It has a charter, by-laws, a Board of Directors and a Chairperson, as well as a salaried Executive Director, and accountant. Several working committees have been formed. A new expanded Board and Chairperson were elected in July 1997.

As of March 1998, ACAP had more than 300 members. ACAP is developing a certification program for member accountants and auditors and the first level (i.e. C) part 1 of 3 was designed and administered in March 1997 and again in November 1997. A total of 7 members of ACAP have passed this examination.

ACAP was a signatory to the Memo of Understanding, which recognized it as having key roles in development and reform of accounting in Moldova.

IV. OBJECTIVES

1. Applicable ENI overall program objective:

Stimulate development of private sector enterprises.

2. Specific task order objectives:

Development of the Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP) in the following areas :

1) further development of the technical basis for accounting and auditing through:

- a) dissemination of NAS/IAS, including development of enterprise conversion methodologies to NAS*
- b) adoption and dissemination of International Standards of Audit (ISA)*
- c) dissemination of the accounting basis for the new tax law*
- d) dissemination of managerial accounting techniques*

2) further development of the institutional capacity of ACAP, focusing on:

- a) expanding membership*
- b) achieving financial sustainability*
- c) developing affiliations with regional and international accounting organizations*
- d) developing ACAP's capacity to represent the accounting and audit professions and professionals' point of view on all relevant issues*

3) further development of professional capacity in accounting and auditing by:

- a) continuing to design and implement a training/testing/certification program for accountants and auditors;*
- b) developing a program for promoting business skills of accountants and auditors relating to marketing services*
- c) collaboration with educational institutions and the Ministry of Education to develop curriculum reform and faculty development program*

4) further development and implementation of a program for increasing awareness and knowledge of accounting information users, including managers, financial market participants and shareholders.

V. TASKS/WORK REQUIREMENTS:

Task 1. Further develop ACAP's institutional capacity

Within the first 50 days of the task order, the contractor will assess the institutional status of the ACAP and develop a work plan to cover the entire term of the task order.

The assessment/work plan will address the comprehensive status and needs of the ACAP and will include a *-1year business plan*, to be updated every six months, including:

a. financial plan, focused on the time frame for overall commercial viability, including:

- i. projected revenue generating activities, including dues, publications, training, certification, "affinity" arrangements, etc.*

- ii. projected staff, equipment, supplies, materials and other expenditure needs
 - iii. projected phasing out of donor financial support
 - iv. in particular, proposed support for staff, equipment, etc. from USAID, and its phasing out
 - v. the use of Alliance volunteers, including a timetable and scopes of work to support the specific assignments
- b. *membership programs* that will target segments of the accounting and audit profession, including, for example, enterprise practitioners; accounting, audit and consulting firm professionals, bank accountants and academics
 - c. *public relations program*, that will enhance the status of the ACAP and improve public and government awareness and understanding of its functions and purposes
 - d. documented *plan for developing regional chapters*
 - e. *plan for developing professional links outside of Moldova*, such as with international and regional associations, through various means, such as regional conferences and internet, and, in particular, "sister" relationships with US professional associations, with provision for internships and on-the-job training in the United States.
 - f. *plan for use of Alliance volunteers to supplement technical assistance in all areas the Contractor may deem appropriate especially in the areas noted under this task including a timetable reflecting the preparation of the scopes of work, the recruitment process, and arrival and departure dates of the volunteers in-country.*

The assessment/work plan will be subject to USAID approval. It will establish benchmarks in each institutional development implementation area for each of the two phases. Before the end of Phase I, the Phase II work plan will be reviewed and revised.

The use of Alliance volunteers under this task order represents a critical and integral component to the success of this effort. In planning for the use of the Alliance volunteers, the Contractor must ensure careful planning and coordination with this entity to ensure full and timely utilization of these resources.

Task 2. Assist the MOF and NASA (if it exists) in disseminating NAS.

The contractor and ACAP will develop a conversion manual from statutory to NAS. The contractor and ACAP will work with the USAID Moldovan Tax Reform Project, the Deputy Minister of Finance and the tax authorities to adapt the manual for tax purposes to allow for full conversion to IAS/NAS-compatible market economy accounting systems in Moldova.

Task 3. Assist ACAP in developing financial auditing standards

The contractor will assist ACAP in adopting a set of financial audit standards, including a code of ethics for auditors, based on IFAC's International Standards of Audit (ISA) and/or US Generally Accepted Audit Standards (GAAS). The advantage of ISA is that the standards are codified and

arranged by topic, whereas GAAS are arranged in order of issuance. GAAS, on the other hand, tends to give more details and explicit instructions, which are likely to be more appropriate in an environment in which standards are being developed and applied for the first time. The technical content of GAAS and ISA are very similar and the two strengths can be combined.

Task 4. Develop and implement the training, testing and certification program for the ACAP.

During the first 50 days, the contractor will assess ACAP's technical training resources and complete a work plan to develop and implement comprehensive training programs for accountants and auditors. The training, testing and certification program will include, as needed, the use of Alliance volunteers bearing in mind the need for advance planning with regards to timing, scopes of work, in-country logistics, etc. The training program will be designed in the following areas (the training courses for users of accounting information in each area are covered under Task 5):

1. an overall professional training, testing and certification program.

The purpose of this training is to cover the basic accounting body of knowledge and provide the technical basis for professional accountants and auditors. This program will be closely related to the education curriculum developed for accounting program for institutions of higher education, but will be designed as modules that practitioners can attend in addition to their professional activities. As noted in Section II, extensive work and development of training materials and development of a testing and certification program has already gone forward. The Contractor's assessment/work plan will reflect how the prior training materials and testing and certification program are being adapted under this new effort. More specifically, the training program should access and include as considered appropriate the prior six accounting courses developed previously, the Train-the-Trainer Course materials, the Tool Kit (translated materials and CD-ROM). The Contractor, through its own Institute and/or The Soros Foundation, will be making a resource contribution in the development of additional training materials.

The certification program will be based on [IFAC Educational Guidelines 7 and 9](#). ~~several (3-4) levels of professional competence, such as "accounting technician," "senior accountant," "expert accountant," "certified accountant"~~ The highest level should be comparable to the level of Certified Public Accountant in the US. ~~(This framework was already laid out by the previous contractor, and the first level (i.e. C) part 1 of 3 tested.) The Contractor will build its technical effort on the work already done in this area.~~ More specifically, the Contractor will utilize [and revise](#) the *Guidelines for the Certification Program for Professional Accountants and Auditors* issued by ACAP, March 1997. The contractor should also review the recent creation in New Zealand of a three-tier certification program, and check with the International Federation of Accountants (IFAC) for other models among its member organizations. Finally, the contractor should review any other third country existing certification programs for useful application to Moldova.

The training program should cover all the important areas of market economy accounting and auditing, including:

- i. financial accounting and auditing, particularly based on the emerging NAS
- ii. managerial accounting
- iii. tax accounting, based on the new law,

~~By the end of the Phase I of the task order contractor will have completed and administered a test for the next two parts of level C of the testing/certification program. The plan for the remaining levels will be fully elaborated by the end of Phase II.~~

2. a program to train accountants in conversion methodology from statutory to market economy accounting.

The primary goal is to train as quickly, as widely and as efficiently as possible accounting practitioners, both within the enterprise and as outside consultants, capable of implementing market economy accounting systems in enterprises. The training should cover the conversion methodology manual developed through pilot implementations in Task 5 of the task order. The contractor should also review materials developed in Kazakhstan and Kyrgyzstan.

The training might be divided into two levels such as: bookkeeping- accounting for beginners and accounting.

Accounting for beginners ~~Bookkeeping~~ focusing on enterprise bookkeepers and will cover the mechanics of maintaining a market economy accounting system (ie. Some basic accounting entries), with explanation of some of the key new accounting concepts, such as accrual.

The *accounting* training should be aimed at enterprise chief accountants, consulting firms, auditing firms, and independent accountants, who will deal with aspects of market economy accounting which require judgment and analysis.

The course should provide material for review and additional study. The actual schedule of the training should be considerate of the fact that many potential participants can only attend this training on evenings, weekends, half days, etc. because of their work schedules.

~~3. special capital markets training program.~~

~~The purpose of this training will be to train chief accountants of enterprises listed on the Moldovan Stock Exchange.~~

~~The course will be aimed at chief accountants and outside accountants and auditors. The course will be a follow up course to the training obtained in Task 4 (2) above. The course should cover both financial disclosure requirements, based on the NAS conversion manual, and auditing requirements.~~

~~The actual schedule of the training should be considerate of the fact that many potential participants can only attend this training on evenings, weekends, half days, etc. because of their work schedules.~~

3.4. tax accounting training.

The purpose of this training will be to provide accountants with the necessary expertise to assist enterprises in complying with the new Moldovan tax law. The course will be aimed at chief accountants and outside accountants and auditors.

~~5. a business skills training program.~~

~~The purpose of this training will be to provide accountants and auditors and accounting and audit firms the basic business skills for providing accounting and audit services.~~

~~The program will be based on a series of workshops, which will cover the key business areas,~~

~~including overall business management, marketing, proposals, presentations, etc.~~

All training modules will include comprehensive testing when considered appropriate by the contractor.

All training programs should mainly focus in the pilot stages on training trainers. ACAP will draw from this pool of trainers to roll out the pilot training programs, including to the regions.

The accounting training will be based on the co-financed (by Soros and USAID) CD-ROM based accounting program, including Soros' corresponding and supplementary written training materials.

The contractor should coordinate closely with other USAID accounting programs, especially in Ukraine, Russia, Kazakstan and Georgia to avoid duplication of effort and promote maximum regional harmonization of testing and certification criteria.

The certification program will also be developed in coordination with certification programs being developed in other NIS countries, particularly the one for Russia developed for the National Training Foundation. In addition, the contractor will develop the certification program in reference to the requirements for eventual accession of ACAP to the International Federation of Accountants (IFAC).

The scheduling of training events the number and nature of projected participants at each will be determined in the work plan.

The assessment/work plan will be subject to USAID approval. It will establish benchmarks in each training implementation area for each of the two Phases. At the end of Phase I, the work plan will be reviewed and revised.

The Tangible Results section indicates targets for the 15-month period of the task order.

Task 5. Develop professional capacity and technical methodologies through pilot implementations

It is essential to work in actual enterprises to develop and illustrate conversion methodologies for financial accounting and tax accounting. . The pilots will also give accounting and audit consultants valuable experience in providing services to enterprises.

During the first 30 days, the contractor will select 4 joint stock companies for complete conversion of their accounting systems and form 4 teams to undertake these pilots.

The enterprises will be selected based on criteria measuring their motivation, including need to raise capital, need to improve competitiveness, and/or need to report to shareholders (including investment funds). Another criteria will consider impact on other firms in the same market system, including lateral, upstream and downstream links.

The contractor will tender for accounting and consulting firms and individual accountants to comprise each of the six teams and perform the work, in collaboration with the accounting staffs in each enterprise.

The conversion to the 12 core NAS will serve as case studies for the development of a conversion methodology manual. This manual to be used to train accountants per Task 4(2) of the task order. This manual should be complete within 150 days.

The first pilots will be completed in not more than 120 days. At the end of that time, the enterprise will be producing IAS-compatible financial statements based on a reformed market economy accounting system. [e](#)

At the point of completion, the contractor will develop a work plan for completing conversions within 90 days for as many pilot implementation cycles as can be fit in the remaining period of the task order. In this roll-out phase the contractor should evaluate the efficiency of using software such as Peachtree or ACC-PAC (now marketed in Russia) to facilitate the process. The contractor will build on its extensive experience addressing financial management issues in Moldovan enterprises and working with Moldovan consultants and accountants.

Task 6. Develop with ACAP an educational reform program

Within 50 days of the start of the task order, the contractor will prepare an assessment and develop a plan for the reform of the accounting curriculum and development of the faculty in at least one public institution of higher learning in Moldova. Working with the selected institutions and the Moldovan Ministry of Education, the contractor will determine if accounting educational reform is feasible at this time.

The goal will be an accounting program that produces graduates at approximately the western-standard of required accounting education.

During the course of the task order, the contractor will seek to develop links with US academic institutions with accounting programs; ~~the American Association of Accountants (AAA), which is an association of accounting academics and other institutions~~ with experience in accounting education in the NIS and CEE, in order to facilitate design and implementation of a new accounting curriculum and to provide training for faculty.

The contractor will coordinate the need to develop faculty, with the training programs described above.

The assessment/work plan will be subject to USAID approval. It will establish benchmarks in each education implementation area for each Phase. At the end of Phase I, the work plan will be reviewed and revised for Phase II.

Task 7. Improve information and awareness of users of accounting information

During the first 50 days the contractor will design a public education program for increasing the awareness, information, and education of users of accounting information, including managers, investors, shareholders and creditors. The program will be based on workshops, seminars, roundtables, media interviews and publications.

The program will complement some of the accountant/auditor training programs described above, including:

1) special capital markets program.

The public education program will target investors, shareholders and managers.

The program will include 10 workshops covering the requirements for all three tiers, as well as a printed guide for users (investors and shareholders) of the financial information, explaining its utility and limitations.

2) enterprise conversion from statutory to market economy accounting.

The target audience will be enterprise managers with their key management staff, including chief financial officer.

The program will include 10 workshops over the course of the task order.

The program will also include preparation and wide dissemination of a brochure explaining the reasons, advantages and process of conversion.

3) managerial accounting program

The target audience will be enterprise managers, key management staff, and chief financial officers.

The program will comprise 10 workshops and printed material explaining the concepts and utility of managerial accounting.

~~Task 8. Development of CD-ROM-based managerial accounting component.~~

~~Note: Contracting officer authorization is required prior to the use of USAID funding under this task order for this task. See note in the Budget.~~

~~USAID and EWMI have in Russia co-financed the development of a comprehensive training program on CD-ROM suitable for self study and testing. The program thus far covers financial accounting and financial auditing, as well as aspects of tax accounting and auditing. As part of this task order, USAID and EWMI will co-finance the development of a managerial accounting module, which will cover the principal aspects of managerial accounting, including cost accounting, budgeting and corporate finance/investment analysis issues. This component is likely to be implemented in the second half of this task order so as to be supplemented by some of the case studies obtained from the work with the pilot enterprises. The development of the CD-ROM and testing may require five to six months and therefore its implementation will not occur till Phase II of this activity.~~

The contractor and ACAP will also coordinate with bank accounting/audit and tax accounting/audit training developed under other task orders. In addition, training for loan officer credit analysis can be developed, if the commercial banks indicate adequate demand.

The public education program will aim at creating the capacity for ACAP to continue this effort beyond the time of the task order. This program will be reviewed and revised every six months during the task order.

The program will be designed for the length of the task order and will be reviewed, revised and extended at the end of Phase I to cover Phase II.

VI. Benchmarks/Tangible Results

The Contractor understands and agrees that achievement of Tangible Results is the essence of the task order and that USAID will judge the Contractor's success (or lack thereof) in the task order based upon whether or not the Tangible Results are achieved. In the event that any one or more of the Tangible Results is (are) not achieved, or should the Contractor at any time realize that they are not achievable, then the Contractor shall immediately advise USAID in writing and, in the next report required as part of the task order "Reporting Requirements," shall provide a complete explanation relating thereto.

1. ACAP institutional development

End of Task Order Tangible Result:

A fully established SRO (ACAP) responsible for:

- (i) interpreting and disseminating financial and managerial accounting and financial auditing standards and practices
- (ii) establishing and administering professional training/testing/certification standards for the accounting and auditing profession

will be functioning.

End of Phase I Tangible Results:

1) an established membership: the association will have increased from its current 300 members, to at least 400 dues-paying members

2) regular meetings: the general association will have at least one meeting

3) functioning working committees: working committees including tax, financial auditing, financial accounting, managerial accounting, training, and membership will be established and will have annual work plans in place.

4) regular reporting to members: the association will have mailed at least two semi-annual reports to all members, which will include a financial report and reports from all the working committees

5) documented operating procedures, mission statement

6) a business plan for the following 8 months (the duration of Phase II).

8) a code of ethics for accountants and auditors presented for adoption by the association.

9) a plan revenue raising activities, such as training, publications and membership dues will

be developed and adopted.

Phase I Benchmarks:

After 50 days: assessment and work plan for institutional development.

End of Phase II Tangible Results:

- 1) *an established membership*: the association will have increased from its current 300 members, to at least 600 dues-paying members
- 2) *regular meetings*: the general association will be meeting at least once a year.
- 3) *functioning working committees*: working committees including tax, financial auditing, financial accounting, managerial accounting, training, public education and membership will be meeting at least once every month, and will have annual work plans in place.
- 4) *regular reporting to members*: the association will mail at a minimum semi-annual a monthly reports to all members, which will include a financial report and reports from all the working committees
- 5) *adequate support staff, equipment, materials*
- 6) *documented operating procedures, mission statement*
- 7) *a business plan for the year 2000. following 2 years*
- 8) *a code of ethics for accountants and auditors adopted by the association.*
- 9) *revenue raising activities*, such as training, publications and membership dues will be in place.

Financial targets will be part of the work plan, which will be revised every six months during the term of the task order.

2. Dissemination of NAS

Phase I Tangible Result:

The contractor will complete a conversion manual, based on the pilot implementations in Task 5, for moving from statutory accounting to NAS based reporting:

Basic enterprise manual:	150 days
Tax version:	210 days (if not developed by USAID Moldovan Tax Reform Project)

3. Financial audit standards

Phase I Tangible Result:

ACAP will have adopted and published a comprehensive set of audit standards (including ethical

standards) based on GAAS and/or ISA .

Phase I Benchmark:

The audit standards code will be ready for publication 210 days after the start of the task order.

4. Trained, tested, certified and functioning accountants and auditors

Phase I tangible results:

1. *Materials:* Complete and tested materials for the training programs listed below.

2. *Trained and successfully tested participants:*

a) certification program:

Tested: 0

~~Level C (part1): 30~~

~~Level C (part2): 5~~

~~Level C (part3): 0~~

b) conversion training:

Trainers: 30

Others: 20

~~c) capital markets training with close cooperation and coordination with USAID Moldovan Capital Markets Project: 20~~

~~d) tax accounting with close cooperation and coordination with USAID Moldovan Tax Reform Project:~~

Trainers: 25

Others: 50

~~e) business skills: 20~~

Phase I Benchmarks:

After 50 days: assessment and work plan for all training programs:

Phase II cumulative (end of task order) tangible results:

1. *Materials:* Complete and tested materials for the training programs.

2. *Trained and successfully tested participants:*

a) certification program:

Tested: 20

~~Level C (part1): 100~~

~~Level C (part2): 50~~

~~Level C (part3): 25~~

b) conversion training:

Trainers: 60

Others: 150

~~e) capital markets training with close cooperation and coordination with USAID Moldovan Capital Markets Project: 100~~

~~c)~~ tax accounting with close cooperation and coordination with USAID Moldovan Tax Reform Project:

Trainers: ~~50~~100

Others: 200

~~e) business skills: 100~~

~~5. Comprehensive financial disclosure (financial accounting) requirements, compatible with NAS, and assurance testing standards (financial audit) compatible with National Standards on Auditing (NSA)/ISA, developed and adopted for joint stock companies under the oversight of the SC.~~

~~Phase I Tangible Result:~~

~~Moldova's SCSM will have issued comprehensive financial disclosure, based on conversion manual to NAS (see Task 2 and Task 5) and assurance testing requirements, based on NSA/ISA (see Task 3) for JSCs listed on the Moldova Stock Exchange.~~

~~Phase I Benchmarks:~~

~~After 50 days: assessment and work plan~~

~~See Tasks 2, 3 and 5.~~

6. Comprehensive accounting educational curriculum in place with qualified faculty in at least one Moldovan institution of higher education

Education curriculum reform is a new area in USAID-supported accounting reform programs, and the resources applied and desired outcomes will depend a great deal of the commitment of the counterparts to move forward.

Phase I benchmark:

After 50 days: assessment, work plan.

Additional benchmarks for completion of course materials and training of faculty will be determined by the work plan developed during the, broken into Phase I benchmarks and tangible results and Phase II benchmarks and tangible results.

7. Improve information and awareness of users of accounting information

Phase I tangible results:

Total user participants:

- a) capital markets program: 50
- b) enterprise conversion program/[managerial accounting program](#): 50
- ~~c) managerial accounting program: 50~~

Phase I benchmarks:

After 50 days: assessment and work plan

Other benchmarks concerning public education program will be identified in the approved work plan, which will be reviewed and revised for Phase I and Phase II.

Phase II cumulative (end of task order) tangible results:

Total user participants:

- a) capital markets program: 150
- b) enterprise conversion program/[managerial accounting program](#): 150
- ~~c) managerial accounting program: 150~~

8. Develop professional capacity and technical methodologies through pilot implementations (See Task 5)

Phase II tangible results:

Target enterprises will be using market economy accounting systems to produce financial statements and provide information for managerial accounting analyses appropriate to the enterprise.

The cumulative number of these enterprises by the end of the task order: 20

Phase I benchmarks:

After 50 days: 4 enterprises selected for pilots and 4 accounting teams formed.

After up to 120 days (90 days after enterprises selected):

1. the first four enterprise accounting conversions completed
2. a revised work plan for remaining pilot implementation cycles indicating targeted number of conversions achieved at each 90-day interval during the term of the task order.

After up to 150 days a conversion manual to NAS based on first four pilots will be completed.

Phase II cumulative (end of task order) tangible results:

The cumulative number of these enterprises by the end of the task order: 20

~~**9. The USAID-EWMI cofinanced accounting and auditing training CD-ROM includes a module covering managerial accounting.**~~

~~Phase I Tangible Result: Not applicable and/or subject to further review of the proprietary issues surrounding the cofinancing of the CD-ROM.~~

~~Phase II Tangible Result: Development of the managerial accounting module for the accounting and auditing CD-ROM is completed. Training and implementation of the CD-ROM package in progress for a minimum of three months.~~

VII. TRAINING

Training programs are an integral part of this task order and are to be provided to Moldovan bookkeepers, accountants, enterprise accountants and enterprise managers, etc.

VIII. ESTIMATED LEVEL OF EFFORT

The level of effort for this task order is estimated to be a maximum of 1108 expatriate work days and a maximum of 3080 CCN/TCN work days. The following expatriate specialists are included:

Approved Fixed Daily Rate

Thomas Tschetter Accountant II

Michael Neider Accountant II

The labor category and level for all U.S. expatriates must be proposed to and approved by the contracting officer. The labor mix may be adjusted as necessary in order to meet the requirements of this order. The maximum days for U.S. expatriates shall not be exceeded without advance approval by the contracting officer.

Subject to the approval of the COTR, the contractor may increase the level of effort by up to 25 percent. Any increase in excess of 25 percent must be approved by the contracting officer.

I. Long-term TA

1. Team Leader: Will manage contractor team and coordinate with other USAID program and other donor/development organizations efforts in accounting reform from the perspective of developing the accounting and audit SRO. Will also interact and coordinate with cognizant government entities. Will be responsible for overseeing adoption of financial accounting and auditing standards. Will also manage training and education reform component, supported by short term assistance (see below). Should be a senior certified public accountant (CPA) and have extensive experience working with the current post-Soviet statutory accounting system, Soviet-trained accounting professionals and relevant host government counterparts. Fluency in the Russian and/or Romanian language is highly desirable.

SRO Development

2. SRO Institutional Advisor. Will assist and advise SRO to develop its institutional capacity including financial independence and sustainability, as well as mission statement, organization,

public relations, financial plan and other related activities. Should have extensive experience building SROs, as well as experience in this area working in the NIS. Fluency in the Russian and/or Romanian language is highly desired.

Pilot Implementations:

4. *Implementation Team Leader.* Train and direct 6 teams of local subcontractors working with enterprise accounting staff to implement financial management systems in pilot enterprises. Should have extensive results-oriented accounting experience at the enterprise level having worked with both Western and NIS enterprises, and thorough knowledge of post-Soviet statutory accounting and conversion issues. Fluency in the Russian and/or Romanian language is highly desired.

2. Short-term TA

The budget provides for up to 200 days of short-term assistance in areas of special expertise and/or experience that become evident during the course of the task order. Most of this LOE will be devoted to specific training and comprehensive education reform. It is anticipated that a short-term assignment, which will be approved in advance by USAID, would continue for between one week and three weeks.

Examples of possible short-term assignments include specialists to help develop accounting curricula in institutions of higher learning, develop the corresponding faculty capacity, as well as to select pilot enterprises on the basis of enterprise motivation and leveraging impact, provide senior specialists from such organizations as FASB, AICPA and/or SEC to explain and advocate the roles and development of private sector SROs, accounting practitioners to assist accounting and audit professionals in establishing viable commercial practices.

3. Local Subcontractors

The Contractor will retain local professionals and firms including accountants, auditors, consultants and lawyers, as required.

IX. COORDINATION RESPONSIBILITIES

To avoid duplication of effort, the Contractor will utilize, to the extent possible, both materials and methodologies proven successful in institutional development by other consultants serving on USAID-funded projects in the NIS. Additionally, the Contractor will refer to materials made available through the efforts of other members of the international donor community and shall work in a collaborative spirit with these consultants to achieve efficient completion of selected activities.

X. MANAGEMENT RELATIONSHIPS

The Contractor will coordinate with USAID/Washington, D.C. Walter Coles, Jr. and Project Officer, Gregory Hemphill, with USAID/Kiev Privatization Division Chief Steven Hadley and Project Officer Loreta Williams and with Paul Morris, USAID/Chisinau, on an as-needed basis, for all programmatic, contractual and financial/administrative issues.

The Contractor will also work in conjunction with both independent and public local institutions, namely, the Ministry of Finance of the Republic of Moldova, the World Bank, the State Commission on Securities Markets of the Republic of Moldova, and the National Bank of Moldova

to implement the goals of this task order. Where guidance received from either of these parties is inconsistent with the terms of this task order, the contractor will notify USAID and all parties will meet to resolve the outstanding issue(s). The Contractor will also hold a weekly meeting with the USAID in-country representative and with a representative of the U.S. Embassy in Moldova to provide an update on all ongoing activities.

XI. REPORTING REQUIREMENTS

Technical assistance needs to be implemented with considerable flexibility and pragmatism to reflect the changing environment. However, significant shifts in approach and changes in work plans will require written approval by USAID. The form of reporting and communication with client personnel shall be tailored to the needs of the work program and facilitate project monitoring on the part of USAID.

The required reports (listed below) will focus on substance and will detail progress made against the Tangible Results/Benchmarks specified in this task order. Additionally, the reports will contain budgetary status information against all levels of effort.

The Contractor is required to provide the following reports to USAID/Washington, USAID/Kiev, and USAID/Chisinau:

1. Implementation Schedule

a) The Contractor will provide within 50 days of the beginning of the period of performance an implementation schedule for this project. The implementation schedule will be based upon this scope of work anticipated by the Contractor, for obtaining the results stated in the deliverables of this Project.

b) The Contractor will provide within 50 days of decision, a brief (one page) memo highlighting the analysis of any decisions primary to the success of this project. For example, this might include the developing of the tender documentation, identification of firm(s) and local nationals who may participate under the project. Any question of what is considered to be primary to the success of the project should be addressed to the task manager.

2. Monthly Reports will be comprehensive but precise in detail and report on only that information which is crucial to the success of the project including issues of implementation and achievements plus any proposed changes or refinements to the work plan according to the following format and will highlight at a minimum the following: 1) completion of, or progress to date against, deliverables as stated in ten deliverables section of this Project; 2) proposed changes or refinements to the scope of work or working plan; 3) problems encountered during the reporting period, if any; 4) significant lapses in coordination, if any, that have adversely affected the contractor's work progress; 5) open issues of importance from previous reports that remain unresolved and require decisions; 6) changes/revisions of forecasts from previous reports and reasons/causes; and 7) forecast of next six weeks.

The monthly reports are to be submitted to USAID/W, USAID/Kiev and USAID/Moldova within five business days of the end of each month. These reports will focus on specific results and achievements of required tasks and will also detail any foreseen obstacles in program implementation within the dynamic economic environment.

All reports are to be addressed as follows:

U.S. Agency for International Development
Ronald Reagan Building
Washington, D.C. 20523
Attention: Gregory Hemphill, ENI/PER

U.S. Agency for International Development (USAID/Kiev)
Department of State
Washington, D.C. 20521-5850
Attention: Loreta Williams, PRIV

U.S. Agency for International Development (USAID/Chisinau)
U.S. Embassy
Chisinau, Moldova
Attention: Paul Morris, Country Program Officer

3. In the event any significant constraints to the completion of a specified Tangible Result or Benchmark are identified, the Contractor, on a timely basis, will outline the rationale and recommendations for a programming shift and submit same for USAID review and approval.

4. Completion Report - At the completion of the Task Order, the Contractor will prepare a completion report which highlights accomplishments against workplans; the success in attaining these is stated through deliverables/benchmarks and tangible results. This should include a line item comparison of the deliverables stated in the scope of work and approved workplan. The report may provide recommendations for further refinement, enhancement, logical extension, or expansion of the completed work. Any perceived problems, vulnerabilities or weaknesses in the systems developed. The report should also provide any recommendations the Contractor has to address for the identified weaknesses.

XII. COUNTRY/COUNTERPART CONCURRENCE/CLEARANCE

The host country counterpart for this Task Order is the **Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP)** represented by the Chair of the Association.

This activity has been cleared by USAID/Kiev Privatization Division Chief, Steve Hadley.

XIII. SPECIAL INSTRUCTIONS

1. In the course of implementation, the consultants will produce documentation and guidelines which may be used for replication by other institutions. These should be instructive, streamlined and adaptable to various environments in different regions of Moldova and will not require extensive foreign expertise but utilize local expertise for implementation.

2. Any equipment procurement will demonstrate efficiency and cost effectiveness. Under future activities, including the development of new institutions, these institutions will be required to bear the cost of new equipment procurement.

3. Consultants will make a firm commitment to stay on site for the duration of the project. Consultant travel off site should be limited to essential trips related to the project or be approved by

the Host Country Counterpart and USAID.

4. The Contractor will obtain the approval of the Task Manager/COTR before making any changes in personnel assigned to the Project. In addition, the Contractor shall obtain the approval of the Host Country Counterpart and USAID/Chisinau if personnel assigned to this Project shall be out of Moldova or working on other projects in the NIS or another country at any time during the Project being implemented under this task order.

5. The Contractor shall make a firm effort to recruit and train Moldovan staff for operating roles in the program so that the role of foreign contractors can be diminished.

6. Prior to having interviews with foreign or local press, releasing press releases, holding news conferences, or other communications with the news media regarding activities under this task order, the Contractor will consult with appropriate officials of the host country entity receiving assistance as well as USAID personnel concerning any such proposed communications. The Contractor agrees to coordinate such communications with host country entity and USAID as necessary to ensure that the role of the host country entity is accurately explained and described.

7. This represents USAID's best estimate of technical support requirements. Work under this task order may lead to additional requirements not foreseen at this time, calling for an amendment during the course of the project. The "amendment" in this case will be pro-forma and not require the usual investigation into the technical support line-up, and should not stop the flow of work.

8. Official country clearances for experts will be made no less than one week prior to mobilization and will be made to Paul Morris, USAID Country Representative in Chisinau, Moldova with a copy to USAID/W and USAID/Kiev.

Final approval/execution of this task order serves as authorization for initial travel for the following expatriates:

9. A five-day work week is authorized for all staff under this project.

10. The Contracting Officer's Technical Representative/Task Manager is Loreta Williams in USAID/Kiev. The address for this individual can be found under the reporting section of this document.

11. At no time during the period of this task order shall the Contractor increase any of the cooperating country nationals' salaries. All local hire salaries must be in compliance with the salary schedule and guidance issued by USAID/Chisinau, September 2, 1997.

Attachment 3
MARP Final Report
March 16, 1998 –
December 31, 2000

Task Order
Modification April 30, 2000

MOLDOVA ACCOUNTING REFORM TASK ORDER

I. Summary

This modification provides for the continuation of accounting reform and development in Moldova through December 31, 2000. The tasks are to: (1) continue to assist counterpart (s) in adopting and implementing the International Standards on August (ISA) and accounting standards on agriculture and retirement funds; (2) develop and implement GOM approved “certified auditor” program through subcontracting to a local professional accounting and audit organization, including training and testing of certified auditor candidates; (3) complete curriculum reform efforts, including training of faculty members, at Academia de Studii Economice din Moldova (ASE) through a partnership with a US university; (4) train enterprise financial managers in managerial accounting techniques; and (5) provide funding for a technical assessment of the status of governmental accounting and auditing in Moldova.

II. Background

By the beginning of this modification, USAID will have been directly supporting accounting reform and development in Moldova for 3 years. During this time, USAID contractors have worked in Moldova to: (1) assist GOM in adoption and implementation of the National Accounting Standards (NAS); (2) develop the institutional and technical capacity of a professional accounting and audit association; and (3) train faculty members in delivering IAS-based accounting courses at ASE.

Moldova’s movement towards a market economy demands fundamental systemic reform. One of the steps to be made on the way is reforming the practice of accounting in accordance with IAS to reflect the real economic processes and credible results. A solid understanding of the urgent need to revise the existing accounting practice and adopt IAS-based national accounting practices has been achieved at all levels, including enterprises and commercial banks. A massive number of enterprises and all of the commercial banks have converted to NAS-based practices.

The implications of IAS-based accounting are vast. Not only it promotes transparent and understandable external reporting practices but also it allows managers to account for and allocate costs in market terms. Managers can begin to understand the components of profit and loss in different parts of their companies’ operations. Business decisions can better reflect the market. By giving shareholders and prospective investors/lenders much clearer insight into company conditions, investment/lending decisions can become more rational.

Moldova’s professionalization of accountants and auditors is noteworthy. The Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP) developed and supported by USAID has become one of the most prominent accounting and audit associations in CIS and obtained as associate membership in the International Federation of Accountants (IFAC). It now has over 1,300 members with its own professional accountant certification program. Association development is one of the most critical elements of USAID accounting reform activities and a mechanism by which sustainability of accounting reform is addressed. In light of ACAP’s membership strength, technical leadership in the country and diverse training programs, it is evident that sound fundamentals of organizational and technical sustainability have well been addressed.

As part of university curriculum reform, a new 5-year combined bachelor and master in accounting program was instituted at the Academy of Economic Studies (ASE) with an aim at producing new

generations of accountants and auditors trained in NAS and the International Standards on Audits (ISA).

The future challenge of accounting reform in Moldova will be: (1) adopting and implementing ISA; (2) creating the profession of certified auditors fully proficient in IAS, NAS and ISA; (3) addressing sustainability of curriculum reform effort; and (4) disseminating managerial accounting techniques to enterprises.

By 12/31/00, it is expected that:

- Moldova will have adopted and implemented ISA and selected industry specific accounting standards;
- Moldova will have established a GOM approved certified auditor program in accordance with IFAC International Education Guidelines and produced such auditors; and
- ASE will have addressed sustainability of its accounting curriculum.
- A large number of enterprise managers will have been trained in fundamental managerial accounting techniques.

III. Objectives

1. Applicable E&E overall program objective

Accelerated development and growth of private enterprises (PO 1.3)

2. USAID/Moldova strategic objective

Accelerated development and growth of private enterprises (SO 1.3)

3. USAID/Moldova intermediate results and performance indicator

International Accounting Standards adopted (IR 1.3.2.2)

Due paying membership of Moldavian association performing as a SRO

4. Specific task order objectives

- (a) Continue to assist counterpart (s) in adopting and implementing the International Standards on Audits (ISA) and selected industry specific accounting standards.
- (b) Develop and implement GOM approved “certified auditor” program through subcontracting to a local professional accounting and audit organization, including training and testing of certified auditor candidates.
- (c) Continue curriculum reform efforts, including training of faculty members, at Academia de Studii Economice din Moldova (ASE) through a partnership with a US university.
- (d) Train enterprise financial managers in managerial accounting techniques.

- (e) Provide funding for a technical assessment of the status of governmental accounting and auditing in Moldova.

IV. Task/work Requirements

1. Task 1 – Continue to assist counterpart(s) in adopting and implementing the International Standards on Audits (ISA) and selected industry specific accounting standards.
 - (a) Continue to assist GOM in drafting a new audit law. The law will provide adoption of ISA with utmost minor deviations if unavoidable. The law will delineate responsibilities of GOM and professional association(s) in certification and licensing of certified auditors.
 - (b) Continue to assist GOM in adopting and implementing accounting standards for agriculture and retirement funds. Any deviation from the IASC Exposure Draft or IAS should be utmost minor if unavoidable.
 - (c) Train auditors and prospective auditors in ISA and audit engagement practices. Contractor may supplement the training with existing software designed for ISA training when approved by CTO.
2. Task 2 – Develop and implement GOM approved “certified auditor” program through subcontracting to a local professional accounting and audit organization, including training and testing of certified auditor candidates.
 - (a) Through full and open competition select a local professional accounting and audit organization for subcontracting. The subcontractor shall be a capable nonprofit organization with proven experience in developing a vigorous written certification program and various accounting and auditing training programs, affiliated with the international accounting and audit community striving to participate in international bodies promulgating IAS and ISA, representing the Moldova profession nationally through established local chapters.
 - (b) The subcontractor shall develop and certified auditor program that meets IFAC International Education Guidelines.
 - (c) The subcontractor shall develop appropriate methodologies safeguarding and updating certification exams in accordance with guidelines recommended by IFAC.
 - (d) The subcontractor shall obtain GOM official recognition for those who successfully completed the certification program.
 - (e) The subcontractor shall produce GOM approved certified auditors.
 - (f) The subcontractor shall put in place and enforce CPE requirements for certified auditors.
3. Task 3 – Continue curriculum reform efforts, including training of faculty members, at Academia de Studii Economice din Moldova (ASE) through a partnership with a US university.

- (a) Create a partnership with a US university for development of accounting and audit curriculum (Travel of ASE administrators to the US may be necessary).
 - (b) Fully develop and produce manuals and textbooks for all 8 accounting and audit courses.
 - (c) Train 3 faculty members in the US partnership university. Those who completed the US training are expected to teach most of the 8 accounting and audit courses upon their return. Contractor shall consider structured CPA or CMA review courses for this purpose.
 - (d) Provide 2 PCs, 1 printer and audit software to ASE. The computer lab will be used for both ASE and professional accounting and audit association's classes.
4. Task 4- Train enterprise financial managers in managerial accounting techniques.
- (a) Select enterprise financial managers to be trained. Professional accounting and audit association members shall also be selected for training. Trainees are expected to be trainers for others.
 - (b) Managerial accounting techniques to be covered and those that can be practically utilized in Moldova with emphasis on job costing, process costing, standard costing and capital budgeting. Theoretical techniques that are not realistic in Moldova, such as ABC, TQM, Value Chain Analysis, etc., shall not be taught.
5. Task 5 – Provide funding for a technical assessment of the status of governmental accounting and auditing in Moldova.
- (a) The assessment team will be mobilized by USAID. Contractor shall provide limited logistical support, i.e. travel, meeting and payment.

V. Tangible Results and Benchmarks

The contractor understands and agrees that achievement of tangible results is the essence of the task order and that USAID will judge the contractor's success (or lack thereof) in the task order based upon whether or not the tangible results are achieved. In the event that any one or more of the tangible results is (are) not achieved, or should the contractor at any time realize that they are not achievable, then the contractor shall immediately advise USAID in writing and shall provide a complete explanation related thereto in the next report required as part of the extension "Reporting Requirements."

- 1. Task 1 – Continue to assist counterpart(s) in adopting and implementing the International Standards on Audits (ISA) and selected industry specific accounting standards.
 - (a) A new audit law enacted (by 5/31/00).
 - (b) Accounting standards on agriculture and retirement funds adopted and implemented (by 8/31/00).
 - (c) 100 auditors and prospective auditors trained in ISA and audit engagement practices (by 12/31/00).

2. Task 2 – Develop and implement GOM approved “certified auditor” program through subcontracting to a local professional accounting and audit organization, including training and testing of certified auditor candidates.
 - (a) A local professional accounting and audit organization selected for subcontracting (by 5/15/00).
 - (b) A certified auditor program that meets the IFAC International Education Guidelines developed and implemented (by 11/30/00).
 - (c) Appropriate methodologies safeguarding and updating certification exams developed and implemented (by 11/30/00).
 - (d) GOM official recognition of the certification program obtained (by 11/30/00).
 - (e) 10 GOM approved certified auditors produced (11/30/00).
 - (f) CPE requirements for certified auditors implemented (12/31/00).
3. Task 3 – Continue curriculum reform efforts, including training of faculty members, at Academia de Studii Economice din Moldova (ASE) through a partnership with a US university.
 - (a) A partnership with a US university for development of accounting and audit curriculum created (8/31/00).
 - (b) Manuals and textbooks for 4 of the 8 accounting and audit courses (12/31/00).
 - (c) 3 faculty members in the US partnership university (12/31/00).
 - (d) 2 PCs, 1 printer and audit software provided to ASE (6/30/00).
4. Task 4- Train enterprise financial managers in managerial accounting techniques.
 - (a) 75 enterprise financial managers /association members trained (by 12/31/00).
5. Task 5 – Provide funding for a technical assessment of the status of governmental accounting and auditing in Moldova.
 - (a) Limited logistical support and funding provided (when required by CTO).

Attachment 4
MARP Final Report
March 16, 1998 –
December 31, 2000

ACAP MATERIALS

Contents:

- 4.1. ACAP Summary Report. March 15, 1998 – December 31, 2000**
- 4.2. Business Plan. January 1, 2000 – December 31, 2000**
- 4.3. Code of Professional Conduct of the Association of Professional Accountants and Auditors of Republic of Moldova**
- 4.4. Policy Guidance for Certification Program for Accountants and Auditors in the Republic of Moldova**
- 4.5. Continuing Professional Education Guidelines**
- 4.6. ACAP Training Courses and Seminars for the 1999–2000 Program**



ASSOCIATION OF PROFESSIONAL ACCOUNTANTS AND AUDITORS OF THE REPUBLIC OF MOLDOVA

March 15, 1998 – December 31, 2000

ASSOCIATE MEMBER OF IFAC



INTERNATIONAL FEDERATION OF ACCOUNTANTS

ACAP is a public organization voluntarily founded and chartered in 1996 by 31 professional accountants and auditors. The mission of the Association is **to improve professional accounting and auditing in the Republic of Moldova, to provide its members with information and guidance on accounting and auditing related matters, and to help its members to render accounting and auditing related services at the highest professional level.**

Starting in March 1998, ACAP has been assisted by the USAID sponsored Moldovan Accounting Reform Project (MARF) that had following tasks:

1. Development of the technical basis for accounting and auditing through dissemination of NAS/IAS, including the development of enterprise conversion methodologies to NAS, adoption and the dissemination of International Standards of Audit, the accounting basis for the new tax law and of managerial accounting techniques.
2. Development of the institutional capacity of ACAP, focusing on expanding membership, achieving financial sustainability, developing affiliations with regional and international accounting organizations and enhancing ACAP's capacity to represent the accounting and audit professions and professionals' point of view on all relevant issues.
3. Development of professional capacity in accounting and auditing by implementing a certification program for accountants and auditors, a program for promoting business skills of accountants and auditors relating to marketing services, collaboration with educational institutions and the Ministry of Education to develop curriculum reform and faculty development program.
4. Development and implementation of a program for increasing awareness and knowledge of accounting information users, including managers, financial market participants and shareholders.

The following highlights ACAP's main achievements to date.

MEMBERSHIP

As of December 31,2000 ACAP had 1,616 members – professional accountants, auditors, financial analysts, and entrepreneurs as well as representatives of other various sectors of the national economy. Below are statistics, which reflect a substantially growing membership since March 1998:

- *March 1998 – 300 members*
- *March 1999 – 900 members*
- *December 2000 – 1,616 members*

TRAINING

Since March 1998 ACAP has developed and is continuing to develop a series of training courses. The list below contains the current ACAP developed courses:

1. Principles of Accounting and Taxation in the Republic of Moldova
 - Basic Accounting Principles
 - Financial Accounting
 - Tax Legislation of the Republic of Moldova

- Accounting for Income Tax
 - Preparation and Analysis of Financial Statements
 - Managerial Accounting
 - Professional Ethics of Accountants and Auditors
2. Accounting and Financial Statement Analysis for Enterprises
 3. Methodology of Accounting and Financial Statement Analysis for Tax Auditors
 4. Procedures for Preparation of the Annual Financial Statements, VAT and Income Tax Declarations
 5. Specific Features of Accounting and Taxation in Trade Enterprises
 6. Specific Features of Accounting and Taxation in Agricultural Enterprises of New Type
 7. Specific Features of Accounting and Taxation in Individual Enterprises
 8. Specific Features of Accounting and Taxation in Non-Governmental Organizations
 9. Specific Features of Accounting and Taxation in Small Businesses
 10. Practical Recommendations on the Implementation of the Tax Legislation of the Republic of Moldova
 11. Managerial Accounting
 - Introduction to Managerial Accounting
 - The Role of Managerial Accounting in Making Planning Decisions
 - Operating Decision Making
 - The Role of Managerial Accounting in Making Control Decisions
 - Working Capital Management
 - Long-Term Decision Making
 10. Essence and Importance of the Accounting System for Enterprise Managers
 11. Computer Skills (Windows 95, Word 97, Excel 97)
 12. Accounting Software. "Program 1? : Accounting 7.7."
 13. Business Law
 14. Introduction to Internal and External Audit
 15. Preparatory Courses for Certification Examination of Accountants
 - Economics
 - Business Law
 - Information Technology
 - Tax Accounting
 - Financial Statement Preparation and Analysis
 - Financial Management
 - Audit
 - Ethics
 - Accounting

In total, **2,912** accountants and auditors attended ACAP courses. These accountants and auditors represented **2,083** enterprises throughout Moldova. The number of academic hours taught by ACAP instructors to participants since March 1998 is estimated at over **9,800** hours.

About **20%** of all those who attended the training courses have become members of ACAP.

IFAC MEMBERSHIP

ACAP is the first of the professional bodies from the Commonwealth of Independent States (CIS) of the former Soviet Union, to have achieved membership in IFAC (June 1998) and the first member in the history of IFAC to be accorded Associate Member status. IFAC is the international body which, in concert with its allied association the International Accounting Standards Committee (IASC), sets standards of accounting and auditing, as well as standards of professionalism and ethics for the accounting and auditing profession throughout the world.

CHAPTERS

Currently, ACAP has six operating chapters in various regions of Moldova: Balti, Briceni, Cahul, Drochia, Taraclia, Ungheni, Vulcanesti.

ACAP PERMANENT COMMITTEES

At present, ACAP has seven permanent working committees as listed below:

1. *EDUCATION AND TRAINING PROGRAMS, PUBLIC RELATIONS & PUBLICATIONS COMMITTEE*
2. *CERTIFICATION COMMITTEE*
3. *MEMBERSHIP, NOMINATIONS AND REGIONAL DEVELOPMENT COMMITTEE*
4. *LEGISLATION & STANDARDS COMMITTEE*
5. *FINANCE & TREASURY COMMITTEE*
6. *ETHICS COMMITTEE*

MEMBER SERVICES

Among the most important services rendered to ACAP members one can highlight are its various training programs, its social and educational events, the exclusive distribution of specialized literature (members of ACAP are offered substantial discounts), editions of monthly information and normative bulletins, and its affinity program. ACAP members can also benefit from the rich library and the legislative database installed on the ACAP computer.

- 0 **Legislation & Standards.** ACAP experts are members of the Working Group for National Accounting and Auditing Standards Elaboration. ACAP worked on modifications to accounting and auditing legislation, and lobbying for its passage on the Parliamentary level. ACAP takes an active role in representing the accounting and auditing field before state government. It also helps members interpret proposed or enacted laws or regulations that affect the interests of accountants and auditors.

One of the results of ACAP's work is elaboration and establishment of *Code of Professional Conduct* that was approved by the General Meeting of Members on May 20, 2000. It applies to all members of the Association. This Code establishes standards of professional conduct for ACAP's members, including procedures of addressing the questions relating to compliance with the standards, as members' duty to their profession and to society may at times seem to conflict with their immediate self interest or their duty of loyalty to their employer.

- 0 **Education and Training.** ACAP provides a whole series of training and education programs in accounting, auditing, computer skills, and other related courses, with a big discount for members. ACAP members can also attend ACAP sponsored open-hours, round-tables and other events.
- 0 **Publications.** ACAP publishes many specialized publications to meet accountants' and auditors' expressed needs. They are available on many topics covering many aspects of the national accounting system. The most famous editions published by ACAP are: “**New Accounting System**”, Volumes I & II, in Romanian and Russian, and “**Financial Accounting**” manual in Romanian and Russian, and “**Managerial Accounting**” manual in Romanian and Russian designed especially for the students of colleges and universities of Moldova.

ACAP also offers for sale the training materials it uses for its many courses, providing all accountants and auditors an opportunity for home study.

ACAP has also arranged with the publisher of a legislative reference service to be the exclusive distributor of the service and offer substantial discounts to ACAP members.

- 0 **Newsletter.** ACAP publishes a newsletter to meet the special interests of its members and to update them on the latest developments in accounting and auditing.
- 0 **Information.** ACAP provides information on various aspects of accounting and auditing legislation. There is also a “hot-line” service within the Association that provides members and others with answers to the accounting and audit questions. This service is scheduled to be updated through creation of a special group of experts. ACAP also makes information available to its members through its web site.
- 0 **Certification Program.** Certification is a very important issue for an accounting or audit specialist, where the main goal is the confirmation of their professional level.

At the international level, certification is recommended by the IFAC (International Federation of Accountants), which has issued regulations for international training.

The Certification Program of the Association has the following objectives:

- To measure the level of professional and technical proficiency of individual accountants and auditors;
- To establish nationally recognised benchmarks of performance and competency recognition;
- To encourage accountants and auditors to develop their theoretical knowledge and practical skills;
- To provide an opportunity to ACAP members for recognition and professional development;
- To strengthen the role of ACAP and attract membership as the certification-conferring body for accountants and auditors in the Republic of Moldova;
- To strengthen self-regulation of the accounting and auditing profession;
- To establish and maintain an internationally recognised certification program for accountants and auditors, and
- To maintain its associate membership in the International Federation of Accountants (IFAC) for its eventual acceptance as a full member.

Since 1998 ACAP has elaborated a new certification program that has been approved by the Board of Directors. In accordance with this program three certifications examinations were held: the first –

in December 1999 and the second – in June and December 2000. According to the results of certifications 7 members of ACAP became **Certified Professional Accountants (Contabil Profesionist Certificat (CPC)**, acronym in Romanian).

Certifications have been held twice per year. Due to the BOD approved changes the examination will now be held once a year with the next examination in November 2001.

Results of the Certification Program

Participation in test	Number of participants		
	December 1999	June 2000	December 2000
All tests	17	18	12
Total participants	34	34	24
Certified * Professional Accountants	5	1	1

*Note: A number of the participants have passed one or two parts of the three-part examination.

- 0 **Accreditation Program.** ACAP began an accreditation program in 1999. The main purpose of this program is to provide association members as well as others members of the profession, with information about the quality of a variety of specialized products and services available on the market to accountants and auditors.
- 0 **Affinity Program.** It is an ACAP program that enables members of the Association to buy goods and services at a discount from vendors who are enrolled in the program.

In a year 2000 ACAP worked on the realization of the main goals that were included in the Business Plan. For the year 2001 these goals have been reviewed and changed as follows:

ACAP GOALS FOR THE YEAR 2001

TO CONTINUE TO SOLIDIFY ITS ROLE AS THE DOMINANT INFLUENCE IN ACCOUNTING AND AUDITING IN THE REPUBLIC OF MOLDOVA AND THE PRIMARY REPRESENTATIVE OF MOLDOVA'S ACCOUNTING AND AUDITING PROFESSIONALS, AND DEDICATE SUBSTANTIAL EFFORTS TO ELIMINATING ITS DEPENDENCY ON EXTERNAL FUNDING SOURCES. TO ACCOMPLISH THESE OBJECTIVES THE ASSOCIATION HAS ESTABLISHED SIX STRATEGIC GOALS FOR THE YEAR 2001 AS OUTLINED BELOW.

ACAP's Six Strategic Objectives for the Year 2001

- **Increase Active Membership Rolls**
- **Enrich and Expand The Accountant//Auditor Certification Program**
- **Amplify All Revenue Generating Initiatives**
- **Increase Professional Alliance Productivity**
- **Extend Public Relations Initiatives**
- **Intensify Institutional Development**

A brief summary of the details pertinent to these objectives follows:

1. Increase Active Membership Rolls

Active membership rolls is planned to be increased twice to the level of the year 2000 by developing a plan to systematically expand membership rolls, extending an awards based member-recruiting program, assembling a program for emphasizing the retention of members, and a strategy for increasing the external demand for membership, particularly certified members. Membership at the Chapter level will be emphasized and the number of affiliated chapters will be increased.

2. Enrich and Expand The Accountant // Auditor Certification Program

The Accountant/Auditor Certification Program has to be enriched and expanded by up-grading the certification examination by reviewing the results of the recent examination and assuring that subsequent examinations continue to conform with the expectations of the profession, initiating a continuing education program to assure that certified members continue to upgrade their skills and abilities, participating with the Ministry of Finance in the licensing of accountants and auditors, and systematically expanding the number of candidates desiring to take future certifying examinations.

3. Amplify All Revenue Generating Initiatives

It is planned that all revenue generating initiatives will be amplified by: an expanded membership, augmented training efforts such as the continuing professional education program, increased publication sales including examination preparation and continuing education materials, an expanded Affinity Program with an increased number of Program Partners, the institutionalization of all certification/accreditation programs, and an improved research and referral service for members.

4. Increase Professional Alliance Productivity

Professional alliances had to become more productive through a strengthening of current alliances, by developing new alliances, and by striving to make all alliances more productive so as to strategically exploit financial and other resources that are available to non-profit organizations.

5. Extend Public Relations Initiatives

Public relations activities, already a highly visible component of the association's institutional image, has to be extended by systematically planning and publicizing all Association events, and continuing to extend media contacts and publicity outlets beyond their very respectable levels.

6. Intensify Institutional Developments

Institutional development and infrastructure strengthening is to be intensified, and is planned to include an improved financial management system, an assessment of current and future staffing needs, the development of a productive member-volunteer service program, staff training, executive training of Board Members, the codification and formalization of policies and procedures, and the relocation of the executive offices.



BUSINESS PLAN

January 1, 2000-December 31, 2000

Completed 8/17/99

OVERVIEW

During 2000 the Association plans to continue to move aggressively towards its primary goal of becoming the dominant influence in the professional practice of accounting and auditing in the Republic of Moldova, and strengthening its recognition as the primary representative of Moldova's accounting and auditing professionals.

Since 1996, the Association has taken enormous strides to become an organization that is both self-sustaining and self-regulating. During that three year period, significant financial resources have been contributed to the Association from outside sources. The Association recognizes that such support is not infinite, that it can create dependency, and that it can seriously effect self-regulation. Accordingly, in the year 2000 the Association intends to dedicate substantial efforts to reducing dependency on such funding sources, and move vigorously towards its complete cessation.

To accomplish these goals, the Association has decided to adopt the following six strategic objectives for the year 2000:

- Increase Active Membership Rolls
- Enrich and Expand The Accountant//Auditor Certification Program
- Amplify All Revenue Generating Initiatives
- Increase Professional Alliance Productivity
- Extend Public Relations Initiatives
- Intensify Institutional Development

This business plan provides the focus for the Association's activities during 2000. Those groups and individuals responsible for implementing the activities discussed in this plan will develop detailed action plans. Action plans will precisely define what is to be accomplished in each area, the objectives to be achieved, and specifically how those objectives will be accomplished.

Each action plan will present a step by step process for accomplishing each objective, articulate the techniques to be used, the resources required, and the timeframes within which the objectives are to be accomplished. As with all plans, this plan is subject to modification to accommodate changes in the operating environment encountered by those responsible for implementing the plan.

As indicated in the financial information presented in this plan, the Association anticipates that the successful implementation of these six strategic initiatives will result in a substantial increase in revenues, a reduction in required subsidies, and move it closer to self-sustainability, and self-regulation.

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MANAGEMENT AND FINANCIAL PLAN

FOR THE YEAR 2000

INTRODUCTION

It is the ultimate goal of the Association of Professional Accountants and Auditors of the Republic of Moldova to be the dominant influence in the professional practice of accounting and auditing in the Republic of Moldova now, and into the future. Since its inception in July 1996, its energies have been directed at strengthening its recognition as the primary representative of Moldova's accounting and auditing professionals.

Since 1996, through the development and implementation of a number of income producing initiatives, the Association has taken enormous strides to become an organization of professionals that is both self-sustaining and self-regulating. Significant financial resources have been contributed to the Association from outside sources since its creation. The Association recognizes that such support is not infinite, can engender an ominous dependency on it for organizational viability, and can seriously degrade self-regulation.

ASSOCIATION GOALS FOR THE YEAR 2000

Accordingly the Association, in the year 2000, plans to continue to solidify its role as the dominant influence in accounting and auditing in the Republic of Moldova and the primary representative of Moldova's accounting and auditing professionals, and dedicate substantial efforts to eliminating its dependency on external funding sources.

OBJECTIVES FOR ACHIEVING ITS GOALS

In order to achieve its goals and become a completely self-sustaining, self-regulating organization of professionals having an enduring, dominant influence on accounting and auditing in the Republic, the Association has adopted the following objectives for the year 2000:

- Active membership rolls will be increased to 3,000 by systematically expanding membership, developing an awards based member-recruiting program, emphasizing the retention of members, and increasing the external demand for membership.
- The Accountant/Auditor Certification Program will be enriched and expanded by up-grading the examination, initiating a continuing education program, participating in the licensing of accountants, and by a systematic expansion of program candidates.
- All revenue generating initiatives will be amplified through an expanding membership, and by augmenting all training efforts, increasing publication sales, expanding the Affinity Program, institutionalizing all certification/accreditation programs, and improving the research and referral services.
- Professional alliances will become more productive through a strengthening of current alliances, developing new alliances, and striving to make all alliances more productive.

- Public relations initiatives will be extended by systematically planning and publicizing all Association events, and continuing to extend media contacts and publicity outlets.
- Institutional development will be intensified, and will include an improved financial management system, an assessment of current and future staffing needs, the development of a productive member-volunteer service program, staff training, executive training of Board Members, the codification and formalization of policies and procedures, and the relocation of the executive offices.

IMPACT ON REVENUES AND EXPENSES

If the initiatives outlined in this plan are implemented during 2000, it is expected that revenues will increase from 1999 levels of about 750,000lei to about 1,208,000lei in 2000. Expenses generally will increase proportionally. However, some expenses assumed through USAID subsidies and not booked by the Association in 1999 will further increase Association expenditures in 2000 to about 1,291,912lei.

Accordingly it is expected that in 2000, the Association will reflect a deficit of about 83,912lei.

PLAN LIMITATIONS

Whether or not further support through subsidy will indeed be necessary and in what amounts, partially depends on the integrity of the information used, and the validity of the assumptions made in preparing this plan. It will also depend on the competency with which each aspect of this plan is executed and assumes the continued availability of expert technical assistance.

It should be noted that the financial information used was that available as of June 30,1999 and was not audited or otherwise verified. Other data used in compiling this plan were likewise not verified, nor generated by a formally structured management information system.

MANAGEMENT PLAN

INCREASE ACTIVE MEMBERSHIP ROLLS TO 3,000

Revenues from membership will be increased during 2000 through the development and implementation of a systematic program which has as its primary objective a continuous increase in membership, not only during 2000, but into the future. Maximizing the Association's membership base will include recruiting new members, while at the same time assuring that enrolled members remain in good standing. The Association plans to increase its membership to 3,000 by the end of 2000.

Significant fiscal benefits will accrue to the Association as a result of an expanded membership base. Besides the expected increase in revenues from one-time initiation fees as well as annual dues, other monetary benefits are expected. For example:

- the base for marketing organizational products including training courses, continuing professional education programs, publications, Affinity Program partnerships, and other related products, as well as advisory, employment, and other services, will expand,

- the numbers of candidates registering for and taking the Association's certification examination will increase, as will those who will purchase certification related materials and services, and
- emerging Association viability and longevity resulting from an expanding membership base will help attract donors, grantors, sponsors, corporate participants, and other financial supporters.

Other benefits from an expanded membership base, though difficult to fiscally quantify, are certain to contribute to Association self-sustainability. They can include:

- a geometric increase in the growth of all aspects of Association activities,.
- --an enhanced and multiplied Association name recognition,
- an augmented probability of Association members assuming positions of decision making, authority, and responsibility, increasing the likelihood that Association initiatives requiring external interface, can be more readily accomplished, and
- an increase in the pool of talent and the wealth of professional resources available from inside the Association and accessible to the Association, its members, and the community.

Systematic Membership Expansion

A continuous increase in membership rolls will result from the development and implementation of an organized, systematic membership program. Increasing membership requires a rational, systematized, closely managed process. The Association is committed to continuous growth and is highly desirous of maximizing its membership base. To do this the Association plans in 2000 to develop, document, and implement a formally organized program for recruiting new members and retaining currently enrolled members.

Accordingly, in view of the impact on self-sustainability of an expanding membership base and the significance of retaining currently enrolled members, a formal, systematic program for recruiting and retaining members, will be developed by the Membership Committee and implemented during the year 2000.

The Membership Committee plans the following:

- develop a systematic program for recruiting and retaining members,
- submit that program to the Board of Directors for approval and implementation authority, and
- implement that program.

Program structuring by the Committee will include the following components:

- A formal estimate of the potential membership base will be developed. Sources of potential candidates for membership will be identified for each of the major economic sectors, e.g. business, government, financial services, public accounting, university campuses, and an estimate of the numbers of candidates available for recruitment by sector compiled.

- Each identified sector will be specifically assigned to an Association member as sector membership coordinator. The sector membership coordinator will then develop a unique plan containing a strategy for recruiting members from that specific sector. Each plan will include the following elements:
 - ...an estimate of the size of the accountant/auditor universe,
 - ...an estimate of the membership potential in the sector,
 - ...a description of the sector, specifically its demographics,
 - ...a strategy for establishing and maintaining contacts with sector members,
 - ...an implementation plan for interacting with potential members of a sector for the purpose of encouraging them to become members, including the following:
 - i. the distribution and discussion of Association materials,
 - ii. invitations to Association events,
 - iii. invited participation in Association training,
 - iv. solicited Association presentations at sector locations,
 - v. Association sponsored and conducted informational open houses, receptions, and roundtables,
 - vi. solicited Association publicity in the sector's newsletters, and
 - vii. solicited Association participation in events and activities sponsored by various components of the sector.

Long and short term recruitment targets and an associated timeline will be developed by the Committee to measure the success of the program and identify the need for program modifications.

During 1999 the Association had six chapters: Balti, Brinceni, Vulcanesti, Drochia, Taraclia, and Ungheni, with a combined membership of about 400. During 2000, the Membership Committee will give particular attention in the plan to increasing chapter level membership as well as increasing the number of chapters. Chapter development will include the creation of membership chapters throughout Moldova at a variety of sites, including university campuses, and will depend on expressions of interest from potential members at those locations. Concurrent with these membership building efforts, the Membership Committee with the Executive Director, will work with these chapters on issues of organizational development, self-sustainability, and self-regulation, including securing a charter, writing by-laws, and holding elections.

Rewards Based Member Recruiting Program

As a part of the plan discussed above, the Membership Committee will develop and implement guidelines which will specifically encourage each enrolled member to become active in recruiting new members. The Association recognizes that membership-based recruiting can be highly productive and virtually cost-free. Using the Association's June 1999 membership of 1,100 for illustration purposes, if each member recruited only one new member a year over a two year period, in 2000 the Association would have 2,200 members and in 2001 would have over 4,000 members.

The guidelines for membership-based recruiting will include a system for rewarding members who are especially productive recruiters. These rewards will likely include:

- Incentives, which can vary from annual dues waivers, to premiums, to cash, will be proffered as rewards to members who recruit specific numbers of new members.
- Organizational awards, including plaques, certificates and premiums will be given to the member or members who recruit the greatest number of new members in a year.
- Chapter incentives will be developed to reward chapters for enrolling new members, based on competition between chapters.

Member Retention

The Association will continue to identify ways to retain those members it has already enrolled. To retain members, the Association plans in 2000 to develop a strategy which will include some of the following techniques:

- systematic surveys of members in good standing and those who have let their membership lapse to determine how to better serve member's needs,
- systematic surveys of non-members to determine how best to remove obstacles to membership,
- on-going, introspective studies to identify ways to improve the quality of its membership services, and
- focussed studies of the Association members' clients and employers to determine how Association membership can enrich client and employer relationships.

Developing a strategy for retaining members is certain to result in higher member retention rates and will also result in changes to aspects of the Association that will encourage new membership. This latter information, because it will be used to help remove obstacles to Association membership, will help make Association membership attractive to a greater number of professional accountants and auditors.

Increase External Demand for Association Membership

The demand for the services of Association members is a compelling factor in attracting new members. Specifically, the extent to which the services of an Association member are desired or needed rather than the services of a non-member, can influence an individual's decision to join. Thus, at least some of the demand for Association membership is likely to be proportional to a demand for the services of Association members. The Membership Committee will therefore develop a strategy, in coordination with other Association committees, that will help stimulate a demand for the quality and quantity of accounting and auditing services that Association members can provide. That strategy will include the following initiatives:

- efforts will be expended to assure that to the extent possible, Moldovan legislation is Association oriented, refers to the services that Association members can provide, and is highlighted in the Association's public relations and advertising efforts,

- alliances at the business, government, non-profit, and academic levels will be exploited to engender an interest in Association members—certified and uncertified-- as employees, consultants, contractors, and business associates, and
- relationships will be bolstered with other Moldovan professional associations that will function to integrate the interests of both, thus strengthening the Association member's place in the professional community,

The creation of a strong interest in the services of the Association's members by a broad spectrum of Moldova's economic sectors will tend to make membership in the Association essential to professional accountants and auditors, and therefore more attractive.

ENRICH AND EXPAND THE ACCOUNTANT/AUDITOR CERTIFICATION PROGRAM

The Association's accountant/auditor certification program is an important Association activity, and perhaps the keystone in its survivability and ultimately its self-sustainability. Currently, certification examinations are scheduled to be administered twice yearly. This activity, being managed by its Certification Committee, will serve to establish the Association as the dominant influence in the professional practice of accounting and auditing, and strengthen its recognition as the primary representative of Moldova's accounting and auditing professionals.

The certification program is a multi-part process which includes an evaluation of candidates' education and experience and the application of a comprehensive examination. The examination, based in part on international accounting and auditing standards, consists of three tests which cover a variety of technical areas aimed at demonstrating that a candidate has achieved a certain level of expertise in accounting and auditing, as well as in other essential, related disciplines.

The Certification Committee plans in the year 2000 to further enrich and expand the program. The Committee considers that the certification program's current structure is adequate and able to guide the program into 2000 and beyond, so it has no immediate modification plans. However, there are elements of the program that are scheduled for enhancement in 2000.

Up-grade the Comprehensive Examination

In compiling the current comprehensive examination for the Fall of 1999, IFAC IEG -7 and IFAC IEG-9 were used by the Committee to guide its work. The Fall 1999 examination closely follows the guidance spelled out in IFAC IEG-7 and to an extent incorporates elements of IFAC IEG-9.

It is the intent of the Committee that the examination to be given on yet-to-be-determined dates in the Spring of 2000, and all subsequent examinations thereafter, will move incrementally towards complete compliance with IFAC IEG-9. The Committee believes that full compliance with IFAC standards will contribute significantly to the profession's move towards international reciprocity and the recognition of certified Association members as having achieved an internationally recognized level of professional competence.

Initiate A Continuing Education Program

The committee intends to assure that progress towards increasingly more rigorous examinations is matched by the continued development of IFAC IEG-9 knowledge, skills, and abilities by those who have been successful with prior versions of the examination and awarded certification status by the Association. To this end, the Committee, in conjunction with the Training and Education Committee and the Director of Training, plans to develop and implement a program of required professional education. The planned program will require that in order to renew a certification, an applicant for renewal must demonstrate that sixty (60) hours of continuing professional education have been completed in a two year period. Acceptable education has been defined by the Committee as that which has contributed to an individual's general professional competence in accounting and auditing.

The continuing education program is expected to not only increase professional expertise of certified members, but also to become a consistent, reliable source of training revenues beyond 2000. It is estimated that about 50 participants will take continuing education courses at 300lei for each course, resulting in income of 15,000lei in 2000.

Participate in the Licensing of Accountants and Auditors

Currently, audit licenses are issued to individuals by the Ministry of Finance based on an examination administered by the Ministry. These licensees are considered qualified to audit all types of institutions except financial institutions. Similarly, licenses are issued by the Examination Commission of the National Bank of Moldova to auditors deemed qualified to audit financial institutions.

During 2000, the Certification Committee, plans to work with the Ministry, as well as the Examination Commission of the National Bank of Moldova, and initiate attempts to persuade both testing bodies to accept the Association's certification program as the determining requisite for the issuance of a license.

Upon recognition by the two authoritative bodies of the Association's certification as a requisite for licensing, the Committee plans to secure a collateral role in the process for the periodic renewal of licenses, as well as in suspensions, terminations, or other actions connected with a Ministry-issued professional accountants/auditors license.

The Committee will develop a strategy which will include forming relationships with officials of both licensing bodies responsible for the process, and legislators responsible for laws governing the process. The Committee believes that these relationships will pave the way for the Association to be able to petition responsible government officials to allow Association certifications to serve as the medium for granting practitioners audit licenses and permit participation in the regulation of the professional practice of accounting and auditing in Moldova.

Certification Program Expansion

The inaugural certification examination, conducted in 1997 attracted 22 candidates. Since 1997, Association name recognition has increased considerably together with a knowledge and understanding of its goals and objectives. Accordingly the Committee expects that the number of candidates that will register for certification examinations is certain to increase as each examination is scheduled and announced. The Committee however plans to develop a strategy for attracting even

greater numbers of examination registrants so that no less than 100 candidates for certification register and take the certification examination each time it is offered during 2000. Working with the Membership Committee and the Publications and Public Relations Committee, the Certification Committee will develop detailed plans for:

- communicating with, attracting, and registering as many potential candidates for certification as possible,
- developing and maintaining a data base to facilitate public relations, advertising, and mass mailings related specifically to the certification examination, and
- conducting an on-going public relations and advertising effort to explain the salutary benefits of certification to professional accountants and auditors and as many other sectors of the community as is possible.

As part of the strategy for maximizing public exposure to its certification activities and continuing to increase the number of candidates who take the examination, the Certification Committee, working with the Publications and Public Relations Committee and the Association's Director of Public Relations, will initiate appropriate media contacts to announce and otherwise publicize the certification program, specifically to highlight examination dates, and the award of certificates to successful candidates. The Certification Committee also plans to give awards to excellent performers, and special certificates to successful candidates with the highest aggregate score for all three tests on the examination which will each be the subject of Association managed publicity.

AMPLIFY ALL REVENUE GENERATING INITIATIVES

During 2000, the Association will institutionalize, enhance, and expand current revenue producing programs and conceive, develop, and implement new such programs. The on going success of such programs will assure a continuous increase in Association-generated revenues, important to achieving self-sustainability.

Current Revenue Producing Programs

The Association, since its creation in 1996, has instituted a number of revenue producing programs. Current revenue comes from such sources as membership initiation fees and annual dues, training, sales of publications, the Affinity Program. Planned future revenue sources will come from four discrete but related certification programs, and a research and referral service. Some of these programs have been very active and relatively successful in producing modest income for the Association others have not yet been fully implemented.

During 1999, revenue from these programs, available at July1,1999 (a) and annualized, was estimated to be as follows:

Membership Dues	49,400 lei
Initiation Fees	36,762 lei
Training	207,006 lei
Publication Sales	456,241 lei
Affinity Program	2,000 lei
Certification Programs	
Accountant/Auditor Certification	no income
Instructor Certification	no income

Publications Certification	600 lei
Instructional Material Certification	no income
Research and referral services	
Hot-line	no income
Referrals	no income

(a) This plan was prepared in August 1999, using unaudited, unverified financial data available at 6/30/99.

The Association plans to implement a variety of techniques and initiate a series of actions designed to increase the volume of revenue each of these activities will produce in 2000.

An Expanding Membership Base Will Increase Revenues

The Membership Committee plans to systematically expand the Association's membership base. The Committee's plans to expand membership are discussed elsewhere in this document. As indicated, the Committee anticipates that increases in membership will not only have a positive impact on membership related revenues, namely dues and initiation fees, and will also tend to have a positive influence on revenues from other related sources.

Training Efforts Will be Argumented

The Association's training efforts, since their inception in 1996, have increased considerably. Hundreds of thousands of hours have been provided to the accounting and auditing community over the past three years and continues to increase. This phase of the Association's activities contributes to its efforts to significantly influence improvements in accounting and auditing in Moldova, and enhances its status as the authoritative source for these disciplines in the Republic.

While the training has been of considerable importance in raising the knowledge, skills, and abilities of individual members of the accounting and auditing community, its has unquestionable been an important source of income for the Association.

Currently training is managed by the Association's Director of Training with oversight by the Training and Education Committee. The Association maintains an inventory of training programs that it regularly offers to both members and non-members alike. Importantly, through the outreach efforts of its Director, it has been successful in identifying corporate and institutional clients for its training courses. The Association also works closely with prospective clients to identify specific training needs. Once such needs are identified, instructors are recruited to develop and conduct those courses that best satisfy those needs.

The Training and Education Committee working in concert with the Director of Training will develop a plan for expanding the Association's training initiatives. The plan will include the following components:

Increase Training Course Offerings

The Association's market for training encompasses all sectors of the Moldovan economy including corporate, government, non-profit and others. Its current inventory of off-the-shelf training course offerings include instruction in the following topics:

- Basic Accounting Principles

- Financial Accounting
- Financial Statement Disclosures
- Tax Legislation of the Republic of Moldova
- International Accounting Standards
- Financial Accounting for Income Tax
- Managerial Accounting
- Internal Audit
- Why General Directors in Moldova Need the New Accounting System
- Basic Computer Skills and Accounting Software
- Trade Accounting and Taxation
- Presentation of the Financial Statement Disclosures, VAT and income Tax Declarations
- Financial Statement Analysis

To increase course offerings, the Director of Training will conduct a comprehensive assessment of the potential market, both the nature and extent, for Association training. To do this the Director of Training plans to initiate a market study which will include the following:

- a membership survey to determine the specific training needs of the current membership,
- research to isolate potential markets among non-members of the Association for Association training,
- a survey of corporate, government, non-profit, and other sectors to identify specific, relevant training needs, and
- comprehensive analysis of the demand for Association training in all probable market sectors.

Once a market study has been completed, actions will be initiated to develop and offer to each specific sector the training needs that were identified. To do this the Director of Training plans the following activities:

- identify a cadre of well diversified, professional level instructional specialists, and
- contract with these specialists to develop training courses and associated instructional materials, and to deliver those courses in an educational setting.

The systematic identification of precise training needs that exist within specific segments of the community, together with the identification and acquisition of the professional resources required to address those needs, should result in an increase in both the number and variety of courses offered, and a corresponding increase in non-certification related training revenues to about 335,000lei in 2000.

Develop a Continuing Professional Education Program

The Certification Program developed by the Certification Committee and approved by the Board of Directors includes a mandatory continuing professional education component. The training initiatives for 2000 will include the development of a comprehensive continuing professional education program based on the requirements of the Certification Program. The Training and Education Committee, working with the Certification Committee and the Association's Director of Training will assemble a continuing professional education program in strict compliance with the requirements of the Certification Program.

The Committee expects that this continuing education program, as the number of Moldova's Professional Certified Accountants increases, will grow accordingly. It is anticipated that the continuing professional education program will be a source of substantial training revenues and will result in an estimated 15,000lei in 2000.

Develop a Certification Examination Preparation Program

The success of the Association's Certification Program, coupled with an increase in public interest in both the Association and Certified members of the Association, will increase the universe of candidates wishing to be certified. Accordingly, the Training and Education Committee, working with the Director of Training, plans to develop a program to prepare candidates for the certification program. This program is expected to return revenues of about 50,000lei in 2000. As interest increases in accountant/audit certification, and progress is made towards participation in the licensing program, this program will become a significant source of training revenues for the Association.

(The Association estimates that taken in the aggregate, all three components of Association training--off-the-shelf, certification preparation, and continuing professional education--will result in a doubling of the number of courses offered and a corresponding increase in training revenues to an estimated 400,000lei in 2000.)

Increase the Association's Professional Training Staff

Association training should be professionally managed and self-supporting. That is, all Association projects and programs in the area of training should be of the highest professional caliber possible and be cost effective. Each individual training course and every related educational initiative should be managed so as to assure that the income generated by the initiative exceeds the expense of implementation.

The Association's current training activities are managed by a trained, professional educator. The current Director of Training has had considerable, related experience prior to service with the Association. The Committee plans, in order to optimize training revenues through the planned expanded training activities as discussed above, to supplement the staff resources currently dedicated to training.

In the year 2000, one staff member will be added to the Association's training efforts. This training assistant will be well trained, experienced in all phases of the training and education process, and will be responsible to the Director of Training for all assigned training and education activities. The Committee also believes that as the training activity expands in accordance with this plan, additional staffing should be carried out incrementally and in consonance with cost-benefit principles. The training staff complement may only be supplemented when warranted by substantial increases in the Association's training activities.

Increase Sales of Association Publications

The sale of Association publications has produced substantial income for the Association. Continued success with the publication sales program will depend on the production for sale of an increasingly wider variety of professional publications.

Markets for technical publications are prone to stagnation. New developments in the field overtake publications already on the market. Accordingly, the Publications and Public Relations Committee plans to update current publications, and produce new publications addressing a variety of emerging technical issues and needs. In this regard, the Committee plans to pursue the following actions in order to increase the number of publications it offered for sale from twelve publications in 1999 to 20 publications, including up-dates of existing publications, new publications, and the sale of training materials, in 2000. Revenues will increase from 456,241lei in 1999 to an estimated 500,000lei in 2000 before offsetting publication expenses of about 160,000lei.

- current publications will be reviewed by Association experts and a determination made as to whether or not revised editions should be produced,
- as will be disclosed during the training needs assessment discussed immediately above, topics will be identified that appear appropriate for publication production,
- all training materials will be assessed for publication and sale potential,
- materials that are generated during the certification program will be evaluated for publication value,
- the questions and answers that have resulted from the Association's "hot line" service, discussed elsewhere in this plan, will be published in an ACAP publication and sold both as a general information publication and as a published medium for preparing for the certification examination,
- publication potential related to the continuing education program and the certification examination preparatory program will be fully exploited, and
- grant applications will be developed and submitted to potential grantors for funds to conduct research which may result in publications which can be marketed.

The Committee plans that the professional resources needed to execute these contemplated initiatives will come from at least three sources: members of the Committee, members of the Association, and from professionals under contract with the Association. In expanding the publications program, especially in producing new Association publications, caution will be exercised to assure that all publications are copyrighted and those copyrights are legally enforceable both inside and outside Moldova. In that regard, the Executive Director will establish contact with the State agency responsible for the protection of intellectual property rights and register as required to assure that the Association's rights are adequately protected in connection with any and all of its unique attributes.

Adjunctive to an increase in the number of publications offered for sale, the Association plans to expand its marketing efforts to include outreach to all potential market sectors, including the commercial, government, and academic sectors.

Expand The Affinity Program

The Affinity Program is a member benefit program started by the Association in 1997. The program enables members to purchase a variety of goods and service at a discount from vendors who have paid a fee to the Association to become “Program Partners”. An Association member is virtually assured that amounts, equivalent to Association initiation fees and annual dues, can be recovered through Program Partner discounts. Though the program enjoyed modest success during its early stages, the program lost momentum shortly thereafter. Reactivated in mid-1999, the program is managed by the Association’s Public Relations Director with oversight by the Publications and Public Relations Committee and actively began to enroll new Program Partners.

The Committee plans to take steps to strengthen and expand this program. Not only is it an important member benefit program and an incentive to membership, but can also be a significant source of revenue to the Association. Additional staff resources may be needed to support this program.

To strengthen and expand this program in 2000 beyond its current five active/twelve inactive Program Partners, the Committee, working with the Association’s Public Relations Director, will develop a marketing expansion strategy aimed at enrolling 50 Program Partners during 2000, increasing income from this program to about 25,000lei. The strategy will include the following:

- revitalize relationships with Program Partners enrolled at the program’s inception,
- regularize contacts with the variety of multi-member business associations in Moldova as a source of potential Program Partners,
- initiate an approach for substantially increasing the numbers of enrolled Program Partners throughout all of Moldova,
- renew and up-date Affinity Program information packages for distribution to both members and potential Program Partners to include a description of the program, Program Partners applications, and a comprehensive Program Partners directory, and
- publicize the Affinity Program to members and potential members alike as a significant membership benefit.

Institutionalize and Expand All Certification Programs

The Association has plans for a variety of certification programs, specifically Accountant/Auditor Certification, Publications Certification, Instructor Certification, and Instructional Materials Certification. Each is in a different stage of implementation, and each when fully implemented will be a significant source of Association revenue. The Certification Committee and the Training and Education Committee, working with the Publications and Public Relations Committee plans to institutionalize and expand each of these certification programs.

Accountant/Auditor Certification Program

This certification program is in the implementation stage and the Certification Committee’s plans for expanding and enhancing this program are discussed in detail elsewhere in this plan.

Professional Publications Certification Program

This certification/accreditation program is in the implementation stage and was relatively successful during its pilot execution. Based on the Association's mission imposed mandate to play a role in helping to assure the uniformity and consistency of accounting and auditing information disseminated to Moldova's accountants and auditors, the Association adopted a program of technical review and certification/accreditation of external publications. Essentially a panel of Association technical experts give a submitted publication a thorough assessment for such attributes as relevancy, quality, compliance, and competence. If the panel agrees that the publication meets the Association's standards the publisher is permitted to so state in the publication. Conversely, if the publication does not meet the panel's expectations, no such claim is permitted.

The Publications and Public Relations Committee, working with both the Training and Education and Standards Committees, plans to increase the number of publications to 10 that are submitted to Association technical experts for review. An expansion of this certification/accreditation program will tend to have a positive impact on the quality of the accounting and auditing publications available to Moldova's professionals, enhance the Association's name recognition factor, and contribute to Association revenues. The steps the Committees plan to take to increase this activity include:

- assembling a program structure to fully systematize the review and certification/accreditation process,
- compiling program information literature,
- isolating and identifying a universe of publishers that may have an interest in the publication certification/accreditation program,
- publicizing and distributing program information to publishers of accounting, auditing, and related publications, and
- encouraging interested vendors to contract for certification/accreditation services.

Instructor Certification Program

Participants in both Association training programs and training programs offered by commercial vendors, generally have no reliable assurance that the instructors delivering the course material meet an acceptable level of instructional expertise—both from the standpoint of their subject matter knowledge and their competence in delivering the subject matter in an academic setting. The Association therefore plans to initiate a program for certifying/accrediting instructors of accounting and accounting related subjects. This program will help clients determine whether instructors of courses or seminars they plan to attend meet Association standards for instructors.

This program is in the planning stages and has not as yet undergone a pilot execution. However, Association officials have met with representatives of organizations who have expressed an interest in having their instructors certified/accredited by the Association. The Training and Education Committee and the Standards Committee, working with the Association's Director of Training, plans to continue these meetings and ultimately develop standards for instructors, as well as a process for reviewing and certifying/accrediting instructors' credentials. In the year 2000 the Association plans to systematized the program, pilot the program with at least five training vendors, and certify/accredit no less than 50 instructors.

The steps the Committees plan to take to systematized and implement this certification/accreditation program after it is pilot-tested include:

- assembling a program structure including operating procedures, standards and criteria,
- compiling program information literature,
- isolating and identifying a universe of training vendors as well as instructors that have an interest in the Association's instructor certification/accreditation program,
- publicizing and distributing certification/accreditation program information to training vendors and potential instructors, and
- encouraging interested vendors and instructors to contract for Association certification/accreditation services.

Instructional Material Certification Program

There is no formal system in Moldova that can provide assurance that accounting and auditing related training provided by independent training vendors meets a minimum acceptable level of quality. Accordingly, the Association plans to initiate a program for certifying/accrediting instructional materials used for this training. In keeping with the Association's mandate, this program will help assure the quality and consistency of accounting-related instruction, the timeliness of the accounting-related information being disseminated, and help clients assure that instructional materials used by commercial vendors in their programs complies with national accounting standards.

This program was in the planning stages in 1999 and had not yet undergone pilot testing. However, the Association held a number of meetings with organizations as well as individuals expressing an interest in having their training materials certified/accredited. The Publications and Public Relations Committee, working with both the Training and Education and Standards Committees, plans to continue these meetings and through them, ultimately develop a system for reviewing and certifying/accrediting instructional materials. In the year 2000 the Association plans to have systematized the program and executed a pilot with at least five training vendors and certify/accredit no less than 10 sets of training materials.

The steps the Committees plan to take to systematize and implement this certification/accreditation program after it is pilot tested include:

- assembling a program structure including operating procedures, standards and criteria,
- compiling program information literature,
- isolating and identifying a universe of training vendors that may have an interest in this program,
- publicizing and distributing program information to training vendors, and
- encouraging interested vendors to contract for the Association's certification/accreditation services.

The Association is aware that as all certification programs become institutionalized and increase in activity, it may be necessary, if not imperative to add a staff member dedicated exclusively to managing these programs.

Improve Research and Referral Service

In early-1999, the Association initiated a member benefit service which allows members to call Association offices and ask and have answered accounting related questions. The Association staff formalize the query and communicate it to selected members of the Standards Committee for a response. The Committee members then prepare an answer to the question and that answer is communicated to the individual that submitted the question. In about 6-months over 90 questions have been received through the “hot line” and about 50 responses prepared and sent to members. (A backlog in responses tends to occur when accounting experts are occupied with other duties, with training, and with other priorities.) The Association decided during this pilot phase of the “hot line” program not to impose a fee or other charge to members.

The Association plans to examine the results of this pilot and determine what changes must be made to make it a viable, income producing, member benefit program. Currently under consideration are a number of options including the following:

- impose a charge on members/non-members using the service,
- widely publicizing the service as a for-fee service to the general public and retaining its gratuitous status for members,
- limit the number of inquiries an individual member can initiate,
- publishing and marketing the questions and answers generated by the service, and
- only responding gratuitously to inquiries from members/non-members who have purchased the most current edition of published questions and answers.

During 2000, the Association plans an in-depth study of this issue and a revenue producing solution generated which will not seriously degrade the membership benefits associated with it. However, because it is expected that 2000 will be a pilot year for the program, revenues generated from charges imposed on users of the service, purchasers of the “question and answer” compendium, or a combination of both, are expected to be nominal and are estimated at 5,000lei.

Attempts will be made to expedite the response process, prevent backlog, and generate revenue in a cost effective manner. To do this, the Association plans to pursue a mutually beneficial affiliation with an academic institution, a public accounting or auditing firm, or other such organization, for the purpose of exploring ways to access their accounting and auditing expertise and accelerate responses to questions.

INCREASE PROFESSIONAL ALLIANCE PRODUCTIVITY

The Association has established alliances with numerous institutions in the domestic and international sectors of the commercial, non-profit, government, and academic communities. These alliances have been established through the Association’s Executive Director and its Director of Training. These recently forged alliances include the Moldovan Association of Businessmen, the Moldovan Chamber of Commerce, several major Moldovan industrial organizations, the

International Federation of Accountants, the Kyrgyzstan Association of Accountants, the Regional Federation of Accountants and Auditors, the American Society of Association Executives, the National Center for Non-profit Associations, the Society for Human Resource Management, the Moldovan Center for NGO's, the Romanian Association of Accountants and Auditors, the Association of Government Accountants, the Association of Accountants of St. Petersburg, and others.

Such alliances can serve not only to provide the Association with resource models, but can also be used as a means for organizational development and a medium for enhancing the image of itself and its members. Most important, these same alliances can be invaluable in helping the Association access direct financial support and technical assistance—both of which are considerable elements in achieving its self-sustainability goal.

Other specific benefits that can accrue because of these alliances are varied and can include the following:

- domestic and international education and employment opportunities for Moldova's accountants and auditors,
- unrestricted monetary grants and awards for the Association,
- technical and educational assistance to the Association,
- invitations to the Association for funded participation in research and study projects,
- Association-friendly legislation,
- a market for Association generated training courses and other educational and technical materials, and
- a positive influence on the Association's membership rolls.

Current Alliances Strengthened, New Alliances Developed, All Alliances More Productive

The current alliances that the Association has formed will be made stronger during 2000. Potential alliances, both inside and outside of Moldova will be identified and lines of communication established. The focus of this effort will be to develop productive relationships which will be successful in generating not only grants, contributions, sponsorships, and other financial support, but also important technical assistance. Such alliances will include:

- companies and corporations doing business both in and outside of Moldova,
- non-profit, non-governmental organizations, particularly those representing professional groups in Moldova,
- governments, other the Moldovan government,
- organizations in Moldova offering some of the same or similar services,
- members of the executive, legislative and judicial branches in Moldova, and

- members of academe and groups within that community.

While it is difficult to quantify the potential impact of these alliances on the Association, particularly whether or not they will enhance its revenue stream, some of the already established alliances have contributed to aspects of the Association's development. It is estimated that no less than 40,000lei will be available from organizations the Association is allied with, and tentative offers of technical assistance made in 1999 may materialize in 2000.

EXTEND PUBLIC RELATIONS INITIATIVES

Public relations, including membership communications, is currently managed by the Association's Director of Public Relations with oversight by the Publications and Public Relations Committee. The Association's public relations efforts have been very productive and comprehensive. The Director of Public Relations has been successful in publicizing Association activities, including its annual meeting, its training seminars, a technical symposium, and in-depth profiles of its officials. All have gotten coverage from the print and television media. During 1999 Association-related press coverage was projected as follows:

Advertising and press announcements	108
General articles in the press	14
Radio spots	30
Television spots	4
Press agency bulletins	16

The Association plans, because of its increased activities to at least double that coverage in 2000. Because Moldova-wide public relations is essential to the Association's activities, particularly its revenue producing programs, efforts will be made in 2000 to further extend and intensify media coverage beyond its 1999 levels. The Publications and Public Relations Committee recognizes the importance of publicity to the Association and acknowledges that its agenda should include planning and executing events specifically for their public relations value.

Some of the initiatives contemplated will encompass all of those detailed in other parts of this plan. During 2000, a primary objective of the Association's public relations efforts will be a significant expansion in public awareness and understanding of the Association's mission. To accomplish this, the Association plans to direct its public relations resources to several key areas as discussed below.

Plan and Publicize Significant Association Events

Because Association events can be important public relations opportunities, there will be an emphasis on event planning by the Publications and Public Relations Committee and the direct involvement of the Association's Director of Public Relations in the planning and execution of each event. This will help assure that such events include a well thought out public relations component so as to maximized Association exposure. The selection of the most appropriate public relations medium to publicize the event will serve to enhance the Association's image and provide other attendant salutary benefits. Such opportunities, in addition to the ones elaborated in this plan, will include events like:

- Association awards to recognize outstanding achievements and noteworthy accomplishments by members of the Association.

- Association awards to non-members who have had significant accomplishments and achievements in the field of accounting, auditing and related areas.
- Opening an Association chapter, moving into new office space, hiring a key association employee, introducing a new Association service, or other such events.
- Ceremonies conferring the designation of Professional Certified Accountant on successful candidates, a ceremony recognizing the candidate achieving the highest score on the certification examination, and other events related to the Association's accountant certification program.
- Opening training courses, seminars, or workshops and awarding certificates for successful completion.
- Publishing a new Association book, or inaugurating a new Association product or service.

Continue to Develop and Extend Media Contacts and Publicity Outlets

The Association's Director of Public relations will continue to develop and maintain significant contacts with members of the press and to use those contacts to encourage coverage of Association activities .

Print coverage has been successful in the past and will continue to be the primary means for publicizing the Association's activities. Print coverage strategy will continue to include the press as well as other print media and involve :

- developing local and international news contacts,
- systematically drafting press releases for distribution to Association-friendly contacts at selected print outlets ,
- suggesting and developing opportunities to Association-friendly reporters and editors for in-depth stories and personal interviews covering the Association and its membership, and
- facilitating and encouraging press coverage to assure that Association-friendly reporters and editors at selected print outlets are apprised and informed in a timely manner about all the Association's special events.

Television coverage of Association activities will be encouraged in 2000. This medium will be used to achieve the same basic impact as the print medium but with an added dimension. Because of the differences in accessing this medium it will be necessary to approach access not only through the use of some of the means mentioned above, but also by employing other strategies including:

- building a demand for and interest in Association members, particularly its leadership, as featured experts and spokespersons in the areas of accounting and auditing by creating and publicizing an Association speakers bureau,
- developing a relationship with members of the medium so as to facilitate access to Association members who are experts in specific accounting and auditing areas and who might act as Association spokespersons, and

- facilitating the affiliation between the Association's experts and the medium.

The Director of Public Relations also is responsible for publishing the Association's monthly newsletter. This mail-out publication is an excellent medium for communicating with the membership and will be enriched. Plans are in progress to also develop a technical bulletin—free to members, a subscription fee for others-- that will be devoted exclusively to disseminating technical information impacting on a wide and diverse range of accounting and auditing related issues of interest to members and non-members alike. Income is expected to be generated from this bulletin.

The current duties of the Director of Public Relations include responsibility for the Affinity Program, slated for increased activity in 2000. Accordingly, it may be necessary to support the efforts of the Director with additional staff.

INTENSIFY INSTITUTIONAL DEVELOPMENT

The Association has grown from a little more than 30 members in 1996 to over 1,000 members during 1999. Inasmuch as its membership potential has yet to be fully realized, it plans to continue to increase its membership, anticipating 3,000 members by the end of 2000. In addition to its membership growth, the Association has undertaken a variety of programs, and plans to expand those programs and create others. This growth in membership and the planned expansion of its many programs, all detailed elsewhere in this plan, has and will continue to place stress on its organizational infrastructure. Accordingly, the Association plans to engage in a number of organizational development projects during 2000.

Under the guidance and direction of the Association's Executive Director, the executive staff assisted by experts from outside Moldova and professional alliance volunteers, and in coordination with the Board of Directors and relevant committees, the Association plans to carry out the following projects.

Improved Financial Management System

In mid-1999 the Finance Committee began efforts to improve the Association's financial management system. The goal of the effort was to conform the current system to generally accepted accounting principles. That improvement effort, which will accommodate this plan's initiatives as they are implemented during 2000, is expected to be complete by the end of 2000. An improved financial management system will bring transparency and accountability to the Association, and significantly improve its decision making ability.

It is planned that the improved financial management system will be fully documented, based on accrual accounting, encompass chapter relationships, and include at a minimum:

- financial policies and procedures,
- charts of accounts and classification of accounts,
- balance sheets and income statements,
- cash flow statements,
- routine, periodic financial and management reports,

- a system of internal controls,
- a budget process, including preparation and monitoring, and
- cyclical internal audits.

Assessment of Current Staffing Levels and Future Staff Needs

As detailed in this plan and referred to above, the Association is embarking on an ambitious program of expansion—in both its membership and its programs. The current staffing levels will very likely be insufficient to adequately accommodate this planned growth. The Association, guided by the Executive Director, plans to conduct an assessment of its current staff resources to determine whether staff levels and skills must be augmented or otherwise modified to assure efficient, effective, and economical operations. Part of this assessment will consider the feasibility of employee cross-training, position rotation, and task force and matrix management techniques.

Particular attention will be given to the training and the certification activities, both of which are expected to expand considerably during 2000. Specifically,

- Planned expansion in training includes increases in off- the-shelf training, and the inauguration of a certification preparation training program and a program of continuing professional education. The planned addition of a staff assistant for the Association's Director of Training is discussed elsewhere in this plan.
- The certification/accreditation programs planned by the Association and discussed in a section of this plan, will require considerable administrative support. In that regard, the operational needs of each certification program will be assessed and a determination made as to how these needs can be best accommodated, including the addition of staff resources.

Typically, the following functions would be staffed in any similar organization: executive director, assistant to the executive director, accounting and finance, communications and public relations, computer services, certification activities, training and education, and membership, in addition to clerical and support staff as needed. Contractors or part time employees are used to perform highly specialized, not routine tasks, such as teaching, course development, and the like, and should be considered during this assessment.

Develop Membership Volunteer Services Program

In addition to paid staff, non-paid, member- volunteers can be a crucial, productive, and economical resource for virtually all Association activities. During 1999, besides the members of the Board of Directors, only a few members volunteered their assistance and support to Association activities. Many of the tasks associated with this plan can be accomplished using volunteer-members.

In 2000 the Membership Committee, in cooperation with other relevant committees and the Executive Director, will develop and implement a plan for increasing the number of members that volunteer their services in support of Association initiatives to no less than 100. The plan will include appropriate recognition for those who provide significant volunteer support to the Association.

Organize Association Staff Training

The Association's current staff must continue to keep pace with the planned changes in the Association. During 1999, three members of the Association's executive staff received training: the Executive Director, the Computer Specialist, and the Accountant.

As part of this training scheme, the Executive Director and the Director of Training, in consultation with each member of the staff and the Director of Training and Education, will develop an annual program of planned training for each member of the Association's staff and any staff member hired thereafter. It is planned that during the year 2000, all members of the executive staff will have received at least 20 hours of training.

In addition the Executive Director, using the alliance network as discussed elsewhere in this plan, will identify at least one personnel visitation program a year for each staff member. Participation in this program will allow each Association employee to visit an organization similar to the Association—either in Moldova or elsewhere-- and observe how the duties of a counterpart in the host organization are carried out.

Provide Training in Organization Management for the Board of Directors

Membership in an organization like the Association is novel for many in Moldova and represents for some an experience that requires very specific orientation and even training. Elected board members may not have the kind of professional experiences that exposed them to organizational management, or and perhaps more important, exposure to the management of a non-profit, non-government organization, like the Association, that has as its goal self-sustainability and self-regulation.

In that regard, the Executive Director working with the Association's Director of Training, plan to develop an orientation program for all current and future members of the Board of Directors. This program will provide exposure to selected principles of organizational management including: planning, organizing, controlling, communicating, monitoring, leading, team building, motivating, mentoring, budgeting, evaluating, working with committees and problem solving. Delivery options that will be considered include :

- weekend retreats in Moldova with invited executives as speakers,
- formal classroom training either at an institution or in house, and
- executive visitation programs to similar or counterpart associations in Moldova or abroad.

Codify and Documented Policies and Procedures

During the organization's rapid of growth since 1996, organizational policies and procedures have evolved in accordance with the dictates of circumstances. The Executive Director, accessing best practices and contemporary management techniques gleaned from diverse sources including professional alliances, plans to develop a documented and comprehensive compilation of Association policies and procedures. This compilation will be published and bound and function to guide Association staff in their day to day decision making. The ability to reference such a compendium will expedite Association decisions and help make them uniform, consistent, and reliable.

The Executive Director plans that these documented policies and procedures will include most, if not all decision circumstances. They will encompass issues from staff position descriptions, to staff vacations, to internal communication systems, to chapter relations, to matters pertaining to executive office staff responsibilities to Association members.

Plan for Relocation of Executive Offices

The Association is beginning to outgrow its current office space. Although the improvements were made in 1999 to its telephone system, and its computer access capabilities, more improvements are needed.

Inter-office communications and work flow are not efficacious, security is a problem, and its telephone system still needs improvement. Potential relocation sites have been visited and discussed with the Chairman of the Board of Directors. In 2000 the Executive Director plans to identify feasible space and present a proposal, including financing options, to the Board of Directors for their consideration.

FINANCIAL PLAN

ESTIMATED REVENUES FOR 2000

Membership Dues	135,000 (1)
Initiation Fees	90,000 (1)
Less: incentives	(18,000) (2)
Training	
Continuing education program	15,000 (3)
Certification preparation program	50,000 (4)
All other training	335,000 (5)
Publications	340,000 (6)
Affinity Program	25,000 (7)
Certification Programs	
Accountant/auditor	150,000 (8)
Publications	6,000 (9)
Instructor	25,000 (10)
Instruction Materials	10,000 (11)
Research and Referral Services	5,000 (12)
Estimated Revenues	1,168,000
Unrestricted grants and other conveyances	40,000 (13)
Estimated Revenues all sources	1,208,000

ESTIMATED EXPENSES FOR 2000

Rent	200,000 (14)
Telephone/mail	65,000 (15)
Audit Services	10,000 (16)
Salaries	
Teachers	220,000 (17)
Office Salaries	134,772 (18)
Travel/business trips	40,000 (19)
Taxes	35,400 (20)
Social fund	109,740 (21)
Administrative expenses	200,000 (22)
Office expenses	40,000 (23)
Training expenses	40,000 (24)
Certification program expense	100,000 (8)
Chapter support	35,000 (25)
Miscellaneous	62,000 (26)
Total Expense	1,291,912
Projected Surplus(Deficit) For the year ended December 31, 2000	(83,912)

REVENUE AND EXPENSE NOTES

Revenue Notes

- (1) The Association membership in 1999 is estimated to be about 1,200 by the end of 1999. Annualized financial data indicates that collections will amount to about 49,398lei in dues for the year, and initiation fees of 36,762lei for the same period.

It is planned to increase the Association's membership figure to 3,000 during 2000

Initiation fees to be collected in 2000 will amount to 2000×45 lei	90,000
Receipts from annual dues will amount to $3,000 \times 45$ lei	135,000

- (2) Customarily the Association offers premiums of 10% to any member who successfully recruits a new member. It is estimated the incremental costs, including premiums and awards, to recruit 2,000 new members in 2000 will be about 10% of the dues and initiation fees collected of 18,000lei, off-setting revenues from dues and initiation fees.
- (3) The Association's certification examination is expected to attract 100 candidates for each examination offering or 200 a year. It is expected that of those 200, about 50 will be successful and be required to take 30 hours of annual continuing education courses. Accordingly it is estimated that income from the continuing education program will amount to about 15,000lei in 2000 (50×300 lei=15,000 lei.)
- (4) The Association's certification examination is expected to attract 100 candidates for each examination offering or 200 a year. Of this number, it is expected that 100 will opt to enroll in the Association's certification preparation program. It is estimated that the fee for the program will be about 500 lei for each enrollee and that the income from this program will amount to 50,000 lei in 2000 ($100 \times 500 = 50,000$ lei). The costs for this program will include teacher salaries and benefits (10,000 lei), administrative expenses (5,000 lei), and telephone and mail expenses (2,000 lei) totaling 17, 000lei.
- (5) Income from training in 1999 was about 207,000lei. It is expected that all training will increase in 2000 to about 400,000lei. That increase will consist of revenues from certification-related training programs and increases in all other training. Accordingly, it is estimated that all other training—not from certification related training – will amount to about 335,000 lei ($400,000$ lei – $50,000$ lei (note 4) – $15,000$ lei (note 3) = $335,000$ lei).
- (6) Income from the sale of Association publications sold in 1999 was estimated to amount to about 450,000lei. The cost of publications sold in 1999 was subsidized. The Association plans to increase the number of publication produced and sold by the Association, including those on consignment, and training and study materials, from 12 publications in 1999 to 20 publications in 2000, increasing revenues from the sale of publications to about 500,000lei. These revenues will be offset by the estimated printing and publication expenses of about 160,000lei or about 340,000lei in revenues.
- (7) In 1999, active participation in the Affinity Program consisted of five Program Partners. Revenue from those five Program Partners amounted to 2,000 lei. In 2000 the Association plans to enroll 50 additional Program Partners increasing income from this program to about 25,000lei. This program will be managed by Association staff.
- (8) No, or only nominal income was expected in 1999 from the certification examination program and its expenses of about 100,000 lei were subsidized. It is expected that in 2000 there will be

a fee to candidates who want to sit for the certification examination. Assuming a fee of not less than 250 lei for each of the three tests of the examination and a minimum of 100 candidates who enroll for each of the examinations to be given twice yearly, revenues from examination fees will amount to about 150,000lei (750lei for all three tests of the examination × a total of 200 candidates for the two examinations.) The 150,000lei revenue will be offset by an estimated 100,000lei in expense, resulting in net revenues of about 50,000lei for 2000.

- (9) In 1999, the pilot period for the publication certification/accreditation program, one publication was evaluated and the revenue derived from this program amounted to 600lei. In 2000 the Association plans to increase the number of publications to 10 that are submitted by publishers to Association technical experts for review resulting in revenues of 6,000lei from this program. Volunteers will provide resources for this program.
- (10) In 1999 there was no income from the instructor certification/accreditation program. In 2000, the Association plans to pilot this program with at least five training vendors, and certify no less than 50 instructors. Assuming a nominal fee of 500 lei for each instructor certified, income from this program is expected to result in revenues of 25,000lei. Volunteers will provide resources for this program.
- (11) In 1999 there was no income from the instructional material certification/accreditation program. In 2000 the Association plans to execute a pilot of this program with at least five training vendors and certify no less than 10 sets of training materials. With a fee of 1,000lei for certifying/accrediting each set of training materials, revenue from this program is expected to generate 10,000lei. Volunteers will provide the resources for this program.
- (12) In 1999 the Association's research and referral services was started. During that year it generated no revenue. During 2000, the Association plans an in-depth study of this service and a revenue producing solution generated. Because it is expected that 2000 will be a pilot year for any program ultimately developed, revenues generated are expected to be nominal and estimated at 5,000lei. Volunteers and Association staff will provide the resources for this program.
- (13) In 1999, other than USAID-associated subsidies, the Association received no grants, sponsorships, or other monetary conveyances, and in fact did not apply for any though ample opportunities were available. It is estimated that in 2000, no less than 40,000lei will be available from organizations the Association is allied with, and tentative offers of technical assistance made in 1999 may materialize in 2000.

Expense Notes

- (14) Rent for 1999, paid by USAID through a subsidy to the Association, was computed as follows: 109.5 square meters @\$11 a square meter or \$1,205 a month x 12 months or \$14,460/159,000lei a year. In 2000, the Association may be required to assume this expense without subsidy. During 2000 the Association plans to upgrade its office space. Given the current real estate market conditions it is expected that if the Association does find acceptable office space the cost of that space will not significantly exceed current expenditures for rent. It is estimated that rent for 2000 will be about \$20,000/200,000lei.
- (15) Telephone and mail expenses were 42,428lei in 1999. It is expected that with the increase in activities in the revenue producing programs, including training, the various certification activities, the Affinity Program, and the research and referral service, that telephone and mail

expenses will increase in 2000. It is estimated that this expense will amount to about 65,000lei in 2000.

- (16) There was no Association expense recorded for audit services in 1999. The Association, in consonance with its improved financial management system plans to begin to engage the services of an external auditor to perform periodic audits of selected activities. This will cost about 10,000lei during 2000 computed as follows: 50 hours at 200 an hour.
- (17) Expenses for teacher's salaries are expected to increase during 2000 to accommodate the two-fold increase in planned training activities, from an estimated 113,500lei in 1999 to about 220,000lei.
- (18) In 1999 office salaries were paid through a USAID subsidy in the amount of 134,772lei and so the Association in 1999 booked no expenses. It is anticipated that this subsidy may be eliminated sometime during 2000, accordingly this item is budgeted for the first time at the amount subsidized in 1999 or 134,772lei. All planned staff additions will be compensated at prevailing wage rates.
- (19) Travel and business trip expenses in 1999 amounted to 11,054lei. Because of the Association's plans for increased involvement in productive professional affiliations here in Moldova and elsewhere, it is estimated that travel and business expenses will consist of no less than two international trips in 2000 at about 20,000lei a trip or a total of 40,000lei.
- (20) The Association paid taxes in 1999 in the amount of 10,595lei based only on teacher's salaries (see note 17 above). Office salaries (see note 18 above) were paid by USAID subsidy, therefore no tax liability was incurred and no taxes paid. It is anticipated that the USAID subsidy for office salaries may be eliminated in 2000 and thus become the responsibility of the Association. In that event, the Association will be required to pay taxes on both teacher's and office salaries. The tax is 10 percent of estimated wages, which in 2000 will amount to about 354,000lei, or a 35,400 lei tax liability.
- (21) Social fund contributions in 1999 amounted to about 26,866lei or about 31 percent of teachers salaries in 1999. No social fund contributions were made for office salaries in 1999 because these salaries were paid by USAID subsidy. In 2000, anticipating the possible elimination of the USAID subsidy, the Association will be required to pay into the social fund for both teachers and for office staff. For 2000 the combined salaries of teachers and office staff will be about 354,000lei, and require a 31percent contribution or 109,740lei.
- (22) Administrative expenses amounted to about 175,492lei in 1999. It is expected that in 2000, because of the planned increases in membership, training, certification programs, and other Association activities, that administrative expenses will increase over previous years and amount to about 200,000lei.
- (23) Office expense amounted to about 26,808lei in 1999. Based on the expected increases in membership, training, certification programs, and other Association activities, office expenses are expected to increase over the past year and amount to about 40,000lei in 2000.
- (24) Training expenses in 1999 amounted to about 21,102lei. It is expected that in 2000, because of the planned increases in all Association training—it is expected to double—training expenses will increase proportionately and are estimated to amount to about 40,000lei in 2000.

- (25) Association start-up support for three chapters amounted to about 27,000lei in 1999, half of which was paid by the Association and half of which was paid by USAID. Because chapter start-up support will continue to all six chapters in 2000 at a diminishing rate, and because USAID support may be terminated during 2000, an amount of 35,000lei will be budgeted.
- (26) Miscellaneous expenses, which generally include one of a kind cash outlays or bank transfers like insurance, bank services, repairs and others, amounted to about 36,375lei in 1999. The expansion of all phases of Association activities in 2000 will create circumstances requiring the outlay of money for unanticipated expenditures. It is estimated that these expenses will amount to about 62,000lei.



APPROVED

by the General Meeting of the ACAP members

as of May 20, 2000

CODE OF PROFESSIONAL CONDUCT
of the Association of Professional Accountants and Auditors
of Republic of Moldova
(ACAP)

Chisinau 2000

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Foreword

1. The Association of Professional Accountants and Auditors of Republic of Moldova (ACAP), an associated member of the International Federation of Accountants (IFAC) is called to attain the principle objective of IFAC, which is to develop and enhance the accountancy profession worldwide on the basis of uniform professional standards.
2. One of the conditions of IFAC membership is to support the efforts of IFAC aimed at informing its members about all pronouncements developed by IFAC and their further adaptation to local conditions.
3. ACAP of the Republic of Moldova made a decision to deem the IFAC Code of Ethics for Professional Accountants to be the basis for ethical requirements founded for professional conduct of ACAP members. ACAP's Board of Directors has examined and approved the ACAP Code of professional conduct presented by the Ethics Committee. Appendix 1 sets out the status and approval date of this decision.

ACAP's Ethics Committee continuously exercises supervision of any modification in IFAC's pronouncements referring to ethics and issues those approved by the ACAP Board of Directors. When the Board of Directors deems it necessary it may issue other ethical requirement, which are different from IFAC's requirements, giving due regard to the local characteristics.

4. The ACAP members should comply with the professional conduct standards established by the Association. A clear violation of this requirement may lead to considering the conduct of ACAP's member by a specified disciplinary committee of the ACAP.
5. It is not deemed practically reasonable that there can be established professional conduct standards, which can be applied by professional accountants and auditors to all their activities. Therefore, professional accountants and auditors would take into consideration this Code's requirements as guidelines, which they should adhere to.
6. This Code of professional conduct sets out standards and recommendations concerning professional conduct of ACAP's members on the basis of Article 3 of internal regulations of ACAP.
7. The General Meeting of the ACAP members enacted to approve this Code of professional conduct of ACAP.

Appendix 1

ACAP's Board of Directors recommends adopting this Code of professional conduct approved by the Board of Directors' meeting as of May 1 2000, minutes ? 2. All ACAP's members who perform professional services in the Republic of Moldova must observe this Code's pronouncements beginning on **May 20, 2000**.

Chapter 1. GENERAL PROVISIONS

Definitions

- 1.1 In this Code the following expressions appear and have the following meanings assigned to them*:

Advertising	The communication to the public of information as to the services or skills provided by professional accountants in public practice with a view to expanding professional business.
Client Account	Any bank account which is used solely for the banking of clients' monies.
Clients' Monies	Any monies—including documents of title to money e.g., bills of exchange, promissory notes, and documents of title which can be converted into money e.g., bearer bonds—received by a professional accountant in public practice to be held or

* The following expressions appear in **bold type** when they are first used.

	paid out on the instruction of the person from whom or on whose behalf they are received.
Company	Any entity or person(s), whether organized for profit or not, including a parent company and all of its subsidiaries.
Employed professional accountant	A professional accountant employed in industry, commerce, the public sector or education.
Existing accountant	A professional accountant in public practice currently holding an audit appointment or carrying out accounting, taxation, consulting or similar professional services for a client.
Investee	A subsidiary or an entity subject to the significant influence of an investor.
Investor	A parent, a partner with limited liability, or natural person or joint stock company that has the ability to exercise significant influence on an investee.
Objectivity	A combination of impartiality, intellectual honesty and a freedom from conflicts of interest.
Practice	An economic entity that holds a license to perform an audit.
Certified professional	Individuals who passed certification process, whether they be in accountant (<i>Contabil public practice, industry, commerce, the public sector or education, profesionist certificat-CPC rom.</i>) who are members of an IFAC member body.
Professional accountant in public practice	Each partner or person occupying a position similar to that of a partner, and each employee in a practice providing professional services to a client irrespective of their functional classification (e.g., audit, tax or consulting) and professional accountants in a practice having managerial responsibilities. This term is also used to refer to a firm of professional accountants in public practice.
Professional services	Any service requiring accountancy or related skills performed by a professional accountant including accounting, auditing, taxation, management consulting and financial management services.
Publicity	The communication to the public of facts about a professional accountant which are not designed for the deliberate promotion of that professional accountant.
Receiving accountant	A professional accountant in public practice to whom the existing accountant or client of the existing accountant has referred audit, accounting, taxation, consulting or similar appointments, or who is consulted in order to meet the needs of the client.
Reporting assignment	An engagement which requires the expression of an opinion by a professional accountant in public practice on financial information.
Solicitation	The approach to a potential client for the purpose of offering professional services.

Introduction

- 1.2 This Code establishes standards of professional conduct for ACAP's members, including procedure of addressing the questions relating to compliance with the standards.
- 1.3 The Code is established on the basis that unless a limitation is specifically stated the objectives and fundamental principles are equally valid for all professional accountants, whether they be in public practice, industry, commerce, the public sector or education.
- 1.4 A profession is distinguished by certain characteristics including:
 - mastery of a particular intellectual skill, acquired by training and education;
 - adherence by its members to a common code of values and conduct established by its administering body, including maintaining an outlook which is essentially objective; and
 - acceptance of a duty to society as a whole (usually in return for restrictions in use of a title or in the

granting of a qualification).

- 1.5 Members' duty to their profession and to society may at times seem to conflict with their immediate self interest or their duty of loyalty to their employer.
- 1.6 Against this background these ethical requirements are developed for their members to ensure the highest quality of performance and to maintain public confidence in the profession.

The Public Interest

- 1.7 A distinguishing mark of a profession is acceptance of its responsibility to the public. The accountancy profession's public consists of clients, credit grantors, governments, employers, employees, investors, the business and financial community, and others who rely on the **objectivity** and integrity of professional accountants to maintain the orderly functioning of commerce. This reliance imposes a public interest responsibility on the accountancy profession. The public interest is defined as the collective well-being of the community of people and institutions the professional accountant serves.
- 1.8 A professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer. The standards of the accountancy profession are heavily determined by the public interest, for example:
 - independent auditors help to maintain the integrity and efficiency of the financial statements presented to financial institutions in partial support for loans and to stockholders for obtaining capital;
 - financial executives serve in various financial management capacities in organizations and contribute to the efficient and effective use of the organization's resources;
 - internal auditors provide assurance about a sound internal control system which enhances the reliability of the external financial information of the employer;
 - tax experts help to establish confidence and efficiency in, and the fair application of, the tax system; and
 - management consultants have a responsibility toward the public interest in advocating sound management decision making.
- 1.9 Professional accountants have an important role in society. Investors, creditors, employers and other sectors of the business community, as well as the government and the public at large rely on professional accountants for sound financial accounting and reporting, effective financial management and competent advice on a variety of business and taxation matters. The attitude and behavior of professional accountants in providing such services have an impact on the economic well-being of their community and country.
- 1.10 Professional accountants can remain in this advantageous position only by continuing to provide the public with these unique services at a level which demonstrates that the public confidence is firmly founded. It is in the best interest of the worldwide accountancy profession to make known to users of the services provided by professional accountants that they are executed at the highest level of performance and in accordance with ethical requirements that strive to ensure such performance.
- 1.11 In formulating their national code of ethics, member bodies should therefore consider the public service and user expectations of the ethical standards of professional accountants and take their views into account. By doing so, any existing "expectation gap" between the standards expected and those prescribed can be addressed or explained.

Objectives of Professional Conduct

- 1.12 The Code recognizes that the objectives of the accountancy profession are to work to the highest standards of professionalism, to attain the highest levels of performance and generally to meet the public interest requirement set out above. These objectives require four basic needs to be met:
 - *Credibility*
In the whole of society there is a need for credibility in information and information systems.
 - *Professionalism*
There is a need for individuals who can be clearly identified by clients, employers and other interested parties as professional persons in the accountancy field.
 - *Quality of Services*
There is a need for assurance that all services obtained from a professional accountant are carried out to the highest standards of performance.
 - *Confidence*

Users of the services of professional accountants should be able to feel confident that there exists a framework of professional ethics which governs the provision of those services.

Fundamental Principles of Professional Conduct

1.13. In order to achieve the objectives of the accountancy profession, professional accountants have to observe a number of prerequisites or fundamental principles.

1.14. The fundamental principles are:

- *Integrity*
A professional accountant should be straightforward and honest in performing **professional services**.
- *Objectivity*
A professional accountant should be fair and should not allow prejudice or bias, conflict of interest or influence of others to override objectivity.
- *Professional Competence and Due Care*
A professional accountant should perform professional services with due care, competence and diligence and has a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives the advantage of competent professional service based on up-to-date developments in practice, legislation and techniques.
- *Confidentiality*
A professional accountant should respect the confidentiality of information acquired during the course of performing professional services and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.
- *Professional Behavior*
A professional accountant should act in a manner consistent with the good reputation of the profession and refrain from any conduct which might bring discredit to the profession. The obligation to refrain from any conduct which might bring discredit to the profession requires IFAC member bodies to consider, when developing ethical requirements, the responsibilities of a professional accountant to clients, third parties, other members of the accountancy profession, staff, employers, and the general public.
- *Technical Standards*
A professional accountant should carry out professional services in accordance with the relevant technical and professional standards. Professional accountants have a duty to carry out with care and skill, the instructions of the client or employer insofar as they are compatible with the requirements of integrity, objectivity and, in the case of **professional accountants in public practice**, independence (see Section 2, §1). In addition, they should conform with the following technical and professional standards:
 - Existing legislation of the Republic of Moldova;
 - Standards and regulations approved by the Government of the Republic of Moldova;
 - International Accounting Standards (IAS) approved or adapted to the National Accounting Standards (NAS);
 - International Standards on Auditing (ISA) approved or adapted to the National Standards on Auditing (NSA);
 - Standards and regulations developed and approved by ACAP.

Applicability and Scope

1.15 The objectives as well as fundamental principles are of a general nature and are not intended to be used to solve a professional accountant's ethical problems in a specific case. However, the Code provides some guidance as to the application in practice of the objectives and the fundamental principles with regard to a number of typical situations occurring in the accountancy profession.

1.16 The Charter of the Association of Professional Accountants and Auditors of Republic of Moldova requires that ACAP members follow pronouncements of the Code of Professional Conduct. When violating these standards of conduct they should substantiate the deviation from the rules.

1.17 This Code applies to all professional services, except for: (a) the rule prescribes the opposite; (b) a professional accountant, ACAP member who performs services in a country other than the home country is not subject to a penalty for deviating from the Code, to the extent that his conduct complies with the regulations of the accountancy body in the country where he performs services.

1.18 An ACAP member may be made answerable for nonobservance of the rules by any person related to him (her) in the audit activity who are under his (her) control or partners or shareholders of the organization to which he (she)

belongs.

Chapter 2. **STANDARDS OF PROFESSIONAL CONDUCT**

§ 1. Independence

- 2.1.1 Professional accountants in public practice when undertaking a reporting assignment, should be and appear to be free of any interest which might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity and independence.
- 2.1.2 The following paragraphs indicate some of those situations which, because of the actual or apparent lack of independence, would give a reasonable observer grounds for doubting the independence of a professional accountant in public practice.

Financial Involvement with, or in the Affairs of, Clients

- 2.1.3 Financial involvement with a client affects independence and may lead a reasonable observer to conclude that it has been impaired. Such involvement can arise in a number of ways such as:
- (a) By direct financial interest in a client.
 - (b) By indirect material financial interest in a client, e.g., by being a trustee of any trust or executor or administrator of any estate if such trust or estate has a financial interest in a client company.
 - (c) By loans to or from the client or any officer, director or principal shareholder of a client company.
 - (d) By holding a financial interest in a joint venture with a client or employee(s) of a client.
 - (e) By having a financial interest in a nonclient that has an **investor** or **investee** relationship with the client.

Commentary

Independence is impaired when a professional accountant in public practice has or is committed to acquire a direct or indirect material financial interest in a company for which the professional accountant in public practice provides professional services requiring independence. A direct financial interest includes an interest held by the spouse or dependent child of the professional accountant in public practice and in some countries may be extended to include other close relatives.

When the professional accountant in public practice holds or advises on investing in shares in an audit client on behalf of a third party, e.g., a trust, the appearance of independence is at risk. This is because responsibilities to the third party may conflict with responsibilities to the audit client.

In the case of trustee shareholdings, if a sole practitioner or a partner in a practice or spouse or dependent child of that sole practitioner or partner is a trustee of a trust with a holding in shares material to the size of the issued share capital of the company or the total assets of the trust, the practice should not accept a reporting assignment on that company. The same rule should be applied in the case of those who serve as executors and administrators of any estate.

Shares in a client may be involuntarily acquired as when a professional accountant in public practice inherits such shares or marries a shareholder or in a take-over situation. In these cases, the shares should be disposed of at the earliest practicable date or the professional accountant in public practice should decline any further reporting assignment on that company.

Neither a professional accountant in public practice nor his or her spouse or dependent child should make a loan to a client or guarantee a client's borrowings or accept a loan from a client or have borrowings guaranteed by a client. This latter proscription does not apply to loans to or from banks or other similar financial institutions when made under normal lending procedures, terms and requirements; to home mortgages or to current or deposit accounts with banks, building societies, etc.

When a nonclient investee is material to a client investor, any direct or material indirect financial interest of the professional accountant in the nonclient investee would be considered to impair the professional accountant's independence with respect to the client. Likewise, where a client investee is material to a nonclient investor, any direct or material indirect financial interest of the professional accountant in the nonclient investor would be considered to impair the professional accountant's independence with respect to the client.

Other relationships, such as client-nonclient joint ventures, may affect the appearance of independence. In general, in a joint venture situation, an immaterial financial interest of the professional accountant in the nonclient investor would

not impair the independence of the professional accountant with respect to the client investor provided that the professional accountant could not significantly influence the nonclient investor. If the professional accountant does not and could not reasonably be expected to have knowledge of the financial interests or relationships involving the joint ventures, the professional accountant's independence would not be considered to be impaired.

Generally, the professional accountant should be independent of a client and all its parents, subsidiaries and affiliates.

Appointments in Companies

2.1.4 When professional accountants in public practice are or were, within the period under current review or immediately preceding an assignment:

- (a) a member of the board, an officer or employee of a company; or
- (b) a partner of, or in the employment of, a member of the board or an officer or employee of a company;

they would be regarded as having an interest which could detract from independence when reporting on that company.

Commentary

It is common practice to prohibit professional accountants in public practice in such situations being appointed as auditors of the companies concerned. It is also clearly desirable that they should not accept from such companies other assignments on which an opinion is required. In the situation described above, it is suggested that the period immediately preceding the assignment should be no less than two years or as required by appropriate legislation.

Provision of Other Services to Audit Clients

2.1.5 When a professional accountant in public practice, in addition to carrying out an audit or other reporting function, provides other services to a client, care should be taken not to perform management functions or make management decisions, responsibility for which remains with the board of directors and management.

Commentary

It is economic in terms of skill and effort for professional accountants in public practice to be able to offer other financial and management consultancy services to their clients since they already have a close familiarity with the clients' businesses. Many companies (particularly the smaller ones) would be adversely affected if they were denied the right to obtain other services from their auditors. In the course of performing their professional services, professional accountants in public practice offer advice. For example, particularly in the case of smaller businesses, the audit of the accounts and advice on the provision to be made for taxes are often so inextricably linked that they cannot be separated. Moreover, one key concept in auditing involves examination of the system of internal control which necessarily involves suggestions for improvement. For these reasons it is impracticable to define the limitations on the advice which a professional accountant in public practice may give.

The services provided by a professional accountant in public practice in the fields of management consultancy and taxation are advisory services. Such services should not usurp the management functions of client companies. The independence of a professional accountant in public practice is not impaired by offering advisory services, provided there is no involvement in or responsibility assumed for management decisions. The provision of other professional services is not in principle a factor in determining whether the professional accountant in public practice is independent. Nevertheless, the professional accountant in public practice should be careful not to go beyond the advisory function into the management sphere. A professional accountant in public practice who has advised on the installation of a stock recording system, should carry out a normal audit review on the working of the system, as failure to take all normal audit steps in relation to that system has an adverse impact on competence and independence.

The preparation of accounting records is a service which is frequently requested of a professional accountant in public practice, particularly by smaller clients, whose businesses are not sufficiently large to employ an adequate internal accounting staff. It is unlikely that larger clients need this service other than in exceptional circumstances. In all cases in which independence is required and in which a professional accountant in public practice is concerned in the preparation of accounting records for a client, the following requirements should be observed:

- (a) The professional accountant in public practice should not have any relationship or combination of relationships with the client or any conflict of interest which would impair integrity or independence.
- (b) The client should accept responsibility for the statements.
- (c) The professional accountant in public practice should not assume the role of employee or of management

conducting the operations of an enterprise.

- (d) Staff assigned to the preparation of accounting records ideally should not participate in the examination of such records. The fact that the professional accountant in public practice has processed or maintained certain records does not eliminate the need to make sufficient audit *tests*.

Personal and Family Relationships

- 2.1.6 Personal and family relationships can affect independence. There is a particular need to ensure that an independent approach to any assignment is not endangered as a consequence of any personal or family relationship.

Commentary

It is recognized that it would be impracticable to attempt to prescribe in detail - in ethical requirements the permissible extent of a personal relationship between a professional accountant in public practice and a client,¹ or those occupying responsible executive positions (e.g., director, chief executive, financial officer or another employee in a similar position) with a client.

For example, these may arise when a professional accountant in public practice has a mutual business interest with an officer or employee of a client or has a material interest in a joint venture with a client.

Family relationships which always pose an unacceptable threat to independence are those in which a sole practitioner or a partner in a practice, or an employee engaged on the assignment relating to the client, is the spouse, dependent child or relative living in a common household, of the client. In some countries, the range of relationships may be wider, e.g., the child, or its spouse, the parent or grandparent, parent-in-law, brother, sister, or brother-in-law or sister-in-law, of the client.

Fees

- 2.1.7 When the receipt of recurring fees from a client or group of connected clients, represents a large proportion of the total gross fees of a professional accountant in public practice or of the practice as a whole, the dependence on that client or group of clients should inevitably come under scrutiny and could raise doubts as to independence.

Commentary

It is desirable that member bodies should prescribe rules or issue guidance to their members on this subject. It is clear that these rules or guidance will need to be related to the economic conditions of each country and to the state of development of the accountancy profession.

It is not possible to state precisely what constitutes an unacceptable proportion of total fees emanating from one client or group of connected clients. However, if such fees are the only or the substantial part of the gross income, the professional accountant in public practice should carefully consider whether independence has been impaired. A similar situation may arise if fees due from a client for professional services remain unpaid for an extended period of time, especially if a substantial part is not paid before the issue of the report of the professional accountant in public practice for the following year. Allowances should be made for new practices seeking to establish themselves or practices which are planning to cease operations. Exemptions should be made for a branch office which is reliant upon one client or group of connected clients. For example, this might be the case if the branch office is auditing the financial statements of a client of the practice as a whole and that client forms a major part of the business of the branch office. In such circumstances, professional services for that client or group should be the subject of review by a partner from another office.

Contingency Fees

- 2.1.8 Subject to paragraph 2.1.9, professional services should not be offered or rendered to a client under an arrangement whereby no fee will be charged unless a specified finding or result is obtained or when the fee is otherwise contingent upon the findings or results of such services.

Commentary

¹ In this context "client" includes the owner of the business, the principal shareholders, the executive directors and the financial officer.

Fees should not be regarded as being contingent if fixed by a court or other public authority.

Fees charged on a percentage or similar basis should be regarded as contingent fees.

- 2.1.9 In those countries where charging contingent fees is permitted either by statute or by a member body, such engagements should be limited to those for which independence is not required.

Goods and Services

- 2.1.10 Acceptance of goods and services from a client may be a threat to independence. Acceptance of undue hospitality poses a similar threat.

Commentary

Goods and services should not be accepted by professional accountants in public practice, their spouses or dependent children except on business terms no more favorable than those generally available to others. Hospitality and gifts on a scale which is not commensurate with the normal courtesies of social life should not be accepted.

Ownership of the Capital

- 2.1.11 Ideally, the capital of a practice should be owned entirely by professional accountants in public practice. However, ownership of capital by others may be permitted provided that the majority of both the ownership of the capital and the voting rights lies only with the professional accountants in public practice.

Commentary

As a principle the total equity capital of a practice should be owned by the professional accountants in public practice. If all or a proportion of the capital were owned by others, they could be in a position to influence professional accountants in public practice in the performance of professional services. A similar situation could exist if a practice owned by professional accountants in public practice were substantially financed by borrowings from others in a way that might constitute an evasion of the rule concerning ownership of the capital.

In some countries, professional accountants in public practice are permitted by law to practice as a corporation without any special restrictions as to the ownership or voting rights of the capital of the corporation. In all circumstances safeguards should be provided either by legislation or ethical requirements, which should not conflict with the legislation, of the member body to preserve the independence of the professional accountant in public practice.

Former Partners

- 2.1.12 A partner in a practice may leave the practice by resignation, termination, retirement, or sale of the practice. Such a partner may accept an appointment with a client of the practice, of which he or she is a former partner when an audit or other reporting function is being performed by that practice of which he or she is a former partner. In such circumstances, the independence of the practice would not be impaired.
- (a) Payments of the amounts due to a former partner for his or her interest in the practice and for unfunded, vested retirement benefits are made in accordance with a schedule that is fixed as to both payment dates and amounts. In addition, the amounts owed should be such that they do not cause a substantial doubt about the practices' ability to continue as a going concern.
 - (b) The former partner does not participate or appear to participate in the practices' business or professional activities whether or not compensated. Indications of participation include the provision of office space and related amenities to the former partner by the practice.

Actual or Threatened Litigation

- 2.1.13 Litigation involving the professional accountant in public practice and a client may cause concern that the normal relationship with the client is affected to the extent that the professional accountant's independence and objectivity may be impaired.

Commentary

The commencement by a client or other of proceedings against the professional accountant in public practice, or the commencement of litigation by the professional accountant in public practice alleging, e.g., fraud or deceit by the

officers of a company, or substandard performance of the client's audit by the accountant would be considered to impair independence. Such commencement or a credible threat to commence or a declared intention to commence legal action against a professional accountant in public practice relating to the affairs of the company, or vice versa, may cause the professional accountant in public practice and the company to be placed in positions which may affect the objectivity of the professional accountant in public practice. Thus, the ability to report fairly and impartially on the company's financial statements may be affected. At the same time, the existence of such action (or threat of action) may affect the willingness of the management of the company to disclose relevant information to the professional accountant in public practice.

It is not possible to specify precisely the point at which it would become improper for the professional accountant to continue to report. However, the professional accountant in public practice should have regard to circumstances when litigation might be perceived by the public as likely to affect the accountant's independence.

Long Association of Senior Personnel with Audit Clients

- 2.1.14 The use of the same senior personnel on an audit engagement over a prolonged period of time may pose a threat to independence. The professional accountant in public practice should take steps to ensure that objectivity and independence are maintained on the engagement.

Commentary

Professional relationships take time to develop, but once developed, they usually lead to maximum efficiency and effectiveness. Continuity of senior personnel on audit engagements is ordinarily to be encouraged both from the standpoint of the client and the professional accountant in public practice. As with personal and family relationships in 2.1.6 above, there is a concern that a long involvement by a single individual with an audit client could lead to the formation of a close relationship which could be perceived to be a threat to objectivity and independence. Additionally, questions of quality control are affected, in that the professional accountant with continued familiarity may overly rely on that familiarity when carrying out audit procedures and making judgments on key audit decisions.

The professional accountant in public practice should take steps to provide for an orderly rotation of senior personnel serving on the engagement. When rotation is impractical, review procedures should be designed to achieve the same objectives. The timing and nature of rotation of engagement personnel, especially the engagement partner, depends on many practical considerations. Such a rotation should, however, provide for an orderly blend of experienced and replacement personnel as well as an orderly transition. Rotation may be impractical in small offices or when there are specializations relating to assignments. In such cases, alternative safeguards should be applied, such as the setting up of standing arrangements to consult externally with another suitably experienced professional accountant or with any available service provided by the professional body for such purpose.

§ 2. Integrity and Objectivity

- 2.2.1 Integrity implies not merely honesty but fair dealing and truthfulness. The principle of objectivity imposes the obligation on all professional accountants to be fair, intellectually honest and free of conflicts of interest.
- 2.2.2 Professional accountants serve in many different capacities and should demonstrate their objectivity in varying circumstances. Professional accountants in public practice undertake reporting assignments, and render tax and other management advisory services. Other professional accountants prepare financial statements as a subordinate of others, perform internal auditing services, and serve in financial management capacities in industry, commerce, the public sector and education. They also educate and train those who aspire to admission into the profession. Regardless of service or capacity, professional accountants should protect the integrity of their professional services, and maintain objectivity in their judgment.
- 2.2.3 In selecting the situations and practices to be specifically dealt within ethics requirements relating to objectivity, adequate consideration should be given to the following factors:
- (a) Professional accountants are exposed to situations which involve the possibility of pressures being exerted on them. These pressures may impair their objectivity.
 - (b) It is impracticable to define and prescribe all such situations where these possible pressures exist. Reasonableness should prevail in establishing standards for identifying relationships that are likely to, or appear to, impair a professional accountant's objectivity.
 - (c) Relationships should be avoided which allow prejudice, bias or influences of others to override objectivity.
 - (d) Professional accountants have an obligation to ensure that personnel engaged on professional services adhere to the principle of objectivity.

- (e) Professional accountants should neither accept nor offer gifts or entertainment which might reasonably be believed to have a significant and improper influence on their professional judgment or those with whom they deal. What constitutes an excessive gift or offer of entertainment varies from country to country but professional accountants should avoid circumstances which would bring their professional standing into disrepute.

§ 3. Professional Competence

- 2.3.1 Professional accountants should not portray themselves as having expertise or experience they do not possess.
- 2.3.2 Professional competence may be divided into two separate phases:
- (a) Attainment of professional competence
The attainment of professional competence requires initially a high standard of general education followed by specific education, training and examination in professionally relevant subjects, and whether prescribed or not, a period of work experience. This should be the normal pattern of development for a professional accountant.
- (b) Maintenance of professional competence
- (i) The maintenance of professional competence requires a continuing awareness of developments in the accountancy profession including relevant national and international pronouncements on accounting, auditing and other relevant regulations and statutory requirements.
- (ii) A professional accountant should adopt a program designed to ensure quality control in the performance of professional services consistent with appropriate national and international pronouncements

Professional Competence and Responsibilities Regarding the Use of Non-Accountants

- 2.3.3 Professional accountants in public practice should refrain from agreeing to perform professional services which they are not competent to carry out unless competent advice and assistance is obtained so as to enable them to satisfactorily perform such services. If a professional accountant does not have the competence to perform a specific part of the professional service, technical advice may be sought from experts such as other professional accountants, lawyers, actuaries, engineers, geologists, valuers.
- 2.2.4 In such situations, although the professional accountant is relying on the technical competence of the expert, the knowledge of the ethical requirements cannot be automatically assumed. Since the ultimate responsibility for the professional service rests with the professional accountant, the professional accountant should see that the requirements of ethical behavior are followed.
- 2.3.5 When using the services of experts who are not professional accountants, the professional accountant must take steps to see that such experts are aware of ethical requirements. Primary attention should be paid to the fundamental principles in paragraph 1.14 of this Code. These principles would extend to any assignment in which such experts would participate.
- 2.3.6 The degree of supervision and the amount of guidance that will be needed will depend upon the individuals involved and the nature of the engagement. Examples of such guidance and supervision might include:
- asking individuals to read the appropriate ethical code
 - requiring written confirmation of understanding of the ethical requirements, and
 - providing consultation when potential conflicts arise.
- 2.3.7 The professional accountant should also be alert to specific independence requirements or other risks unique to the engagement. Such situations will require special attention and guidance/supervision to see that ethical requirements are met.
- 2.3.8 If at any time the professional accountant is not satisfied that proper ethical behavior can be respected or assured, the engagement should not be accepted; or, if the engagement has commenced, it should be terminated.
- 2.3.9 A professional accountant employed in industry, commerce, the public sector or education may be asked to undertake significant tasks for which he or she has not had sufficient specific training or experience. When undertaking such work the professional accountant should not mislead the employer as to the degree of

expertise or experience he or she possesses, and where appropriate expert advice and assistance should be sought.

§ 4. Confidentiality

- 2.4.1 Professional accountants have an obligation to respect the confidentiality of information about a client's or employer's affairs acquired in the course of professional services. The duty of confidentiality continues even after the end of the relationship between the professional accountant and the client or employer.
- 2.4.2 Confidentiality should always be observed by a professional accountant unless specific authority has been given to disclose information or there is a legal or professional duty to disclose.
- 2.4.3 Professional accountants have an obligation to ensure that staff under their control and persons from whom advice and assistance is obtained respect the principle of confidentiality.
- 2.4.4 Confidentiality is not only a matter of disclosure of information. It also requires that a professional accountant acquiring information in the course of performing professional services does neither use nor appear to use that information for personal advantage or for the advantage of a third party.
- 2.4.5 A professional accountant has access to much confidential information about a client's or employer's affairs not otherwise disclosed to the public. Therefore, the professional accountant should be relied upon not to make unauthorized disclosures to other persons. This does not apply to disclosure of such information in order properly to discharge the professional accountant's responsibility according to the profession's standards.
- 2.4.6 It is in the interest of the public and the profession that the profession's standards relating to confidentiality be defined and guidance given on the nature and extent of the duty of confidentiality and the circumstances in which disclosure of information acquired during the course of providing professional services shall be permitted or required.
- 2.4.7 The following are examples of the points which should be considered in determining whether confidential information may be disclosed:
- (a) When disclosure is authorized. When authorization to disclose is given by the client or the employer the interests of all the parties including those third parties whose interests might be affected should be considered.
 - (b) When disclosure is required by law. Examples of when a professional accountant is required by law to disclose confidential information are:
 - (i) to produce documents or to give evidence in the course of legal proceedings; and
 - (ii) to disclose to the appropriate public authorities infringements of the law which come to light.
 - (c) When there is a professional duty or right to disclose:
 - (i) to comply with technical standards and ethics requirements; such disclosure is not contrary to this section;
 - (ii) to protect the professional interests of a professional accountant in legal proceedings;
 - (iii) to comply with the quality (or peer) review of a member body or professional body; and
 - (iv) to respond to an inquiry or investigation by a member body or regulatory body.
- 2.4.8 When the professional accountant has determined that confidential information can be disclosed, the following points should be considered:
- whether or not all the relevant facts are known and substantiated, to the extent it is practicable to do so; when the situation involves unsubstantiated fact or opinion, professional judgment should be used in determining the type of disclosure to be made, if any
 - what type of communication is expected and the addressee; in particular, the professional accountant should be satisfied that the parties to whom the communication is addressed are appropriate recipients and have the responsibility to act on it, and
 - whether or not the professional accountant would incur any legal liability having made a communication and the consequences thereof.

In all such situations, the professional accountants should consider the need to consult legal counsel and/or the professional organization(s) concerned.

§ 5. Resolution of Ethical Conflicts

- 2.5.1 From time to time professional accountants encounter situations which give rise to conflicts of interest. Such conflicts may arise in a wide variety of ways, ranging from the relatively trivial dilemma to the extreme case of fraud and similar illegal activities. It is not possible to attempt to itemize a comprehensive check list of potential cases where conflicts of interest might occur. The professional accountant should be constantly conscious of and be alert to factors which give rise to conflicts of interest. It should be noted that an honest difference of opinion between a professional accountant and another party is not in itself an ethical issue. However, the facts and circumstances of each case need investigation by the parties concerned.
- 2.5.2 It is recognized, however, that there can be particular factors which occur when the responsibilities of a professional accountant may conflict with internal or external demands of one type or another. Hence:
- There may be the danger of pressure from an overbearing supervisor, manager, director or partner; or when there are family or personal relationships which can give rise to the possibility of pressures being exerted upon them (see paragraph 2.1.6 below). Indeed, relationships or interests which could adversely influence, impair or threaten a professional accountant's integrity should be discouraged.
 - A professional accountant may be asked to act contrary to technical and/or professional standards.
 - A question of divided loyalty as between the professional accountant's superior and the required professional standards of conduct could occur.
 - Conflict could arise when misleading information is published which may be to the advantage of the employer or client and which may or may not benefit the professional accountant as a result of such publication.
- 2.5.3 In applying standards of ethical conduct professional accountants may encounter problems in identifying unethical behavior or in resolving an ethical conflict. When faced with significant ethical issues, professional accountants should follow the established policies of the employing organization to seek a resolution of such conflict. If those policies do not resolve the ethical conflict, the following should be considered:
- Review the conflict problem with the immediate superior. If the problem is not resolved with the immediate superior and the professional accountant determines to go to the next higher managerial level, the immediate superior should be notified of the decision. If it appears that the superior is involved in the conflict problem, the professional accountant should raise the issue with the next higher level of management. When the immediate superior is the Chief Executive Officer (or equivalent) the next higher reviewing level may be the Executive Committee, Board of Directors, Non-Executive Directors, or Shareholders.
 - Seek counseling and advice on a confidential basis with an independent advisor or the applicable professional accountancy body to obtain an understanding of possible courses of action.
 - If the ethical conflict still exists after fully exhausting all levels of internal review, the professional accountant as a last resort may have no other recourse on significant matters (e.g., fraud) than to resign and to submit an information memorandum to an appropriate representative of that organization.
- 2.5.4 Furthermore, in some cases laws, regulations or professional standards may require certain serious matters to be reported to an external body such as an enforcement or supervisory authority.
- 2.5.5 Any professional accountant in a senior position should endeavor to ensure that policies are established within his or her employing organization to seek resolution of conflicts.
- 2.5.6 Member bodies are urged to ensure that confidential counseling and advice is available to members who experience ethical conflicts.

Conflict of Loyalties

- 2.5.7 **Employed professional accountants** owe a duty of loyalty to their employer as well as to their profession and there may be times when the two are in conflict. An employee's normal priority should be to support his or her organization's legitimate and ethical objectives and the rules and procedures drawn up in support of them. However, an employee cannot legitimately be required to:
- (a) break the law;
 - (b) breach the rules and standards of their profession;
 - (c) lie to or mislead (including misleading by keeping silent) those acting as auditors to the employer; or
 - (d) put their name to or otherwise be associated with a statement which materially misrepresents the facts.

- 2.5.8 Differences in view about the correct judgment on accounting or ethical matters should normally be raised and resolved within the employee's organization, initially with the employee's immediate superior and possibly thereafter, where disagreement about a significant ethical issue remains, with higher levels of management or non executive directors.
- 2.5.9 If employed accountants cannot resolve any material issue involving a conflict between their employers and their professional requirements they may, after exhausting all other relevant possibilities, have no other recourse but to consider resignation. Employees should state their reasons for doing so to the employer but their duty of confidentiality normally precludes them from communicating the issue to others (unless legally or professionally required to do so).

§ 6. Tax Practice

- 2.6.1 A professional accountant rendering professional tax services is entitled to put forward the best position in favor of a client, or an employer, provided the service is rendered with professional competence, does not in any way impair integrity and objectivity, and is in the opinion of the professional accountant consistent with the law. Doubt may be resolved in favor of the client or the employer if there is reasonable support for the position.
- 2.6.2 A professional accountant should not hold out to a client or an employer the assurance that the tax return prepared and the tax advice offered are beyond challenge. Instead, the professional accountant should ensure that the client or the employer are aware of the limitations attaching to tax advice and services so that they do not misinterpret an expression of opinion as an assertion of fact.
- 2.6.3 A professional accountant who undertakes or assists in the preparation of a tax return should advise the client or the employer that the responsibility for the content of the return rests primarily with the client or employer. The professional accountant should take the necessary steps to ensure that the tax return is properly prepared on the basis of the information received.
- 2.6.4 Tax advice or opinions of material consequence given to a client or an employer should be recorded, either in the form of a letter or in a memorandum for the files.
- 2.6.5 A professional accountant should not be associated with any return or communication in which there is reason to believe that it:
- (a) contains a false or misleading statement;
 - (b) contains statements or information furnished recklessly or without any real knowledge of whether they are true or false; or
 - (c) omits or obscures information required to be submitted and such omission or obscurity would mislead the revenue authorities.
- 2.6.6 A professional accountant may prepare tax returns involving the use of estimates if such use is generally acceptable or if it is impractical under the circumstances to obtain exact data. When estimates are used, they should be presented as such in a manner so as to avoid the implication of greater accuracy than exists. The professional accountant should be satisfied that estimated amounts are reasonable under the circumstances.
- 2.6.7 In preparing a tax return, a professional accountant ordinarily may rely on information furnished by the client or employer provided that the information appears reasonable. Although the examination or review of documents or other evidence in support of the information is not required, the professional accountant should encourage, when appropriate, such supporting data to be provided.
In addition, the professional accountant:
- (a) should make use of the client's returns for prior years whenever feasible;
 - (b) is required to make reasonable inquiries when the information presented appears to be incorrect or incomplete; and
 - (c) is encouraged to make reference to the books and records of the business operations.
- 2.6.8 When a professional accountant learns of a material error or omission in a tax return of a prior year (with which the professional accountant may or may not have been associated), or of the failure to file a required tax return, the professional accountant has a responsibility to:
- (a) Promptly advise the client or employer of the error or omission and recommend that disclosure be made to

the revenue authorities. Normally, the professional accountant is not obligated to inform the revenue authorities, nor may this be done without permission.

- (b) If the client or the employer does not correct the error the professional accountant:
 - (i) should inform the client or the employer that it is not possible to act for them in connection with that return or other related information submitted to the authorities; and,
 - (ii) should consider whether continued association with the client or employer in any capacity is consistent with professional responsibilities.
- (c) If the professional accountant concludes that a professional relationship with the client or employer can be continued, all reasonable steps should be taken to ensure that the error is not repeated in subsequent tax returns.
- (d) Professional or statutory requirements in some countries may also make it necessary for the professional accountant to inform the revenue authorities that there is no longer any association with the return or other information involved and that acting for the client or employer has ceased. In these circumstances, the professional accountant should advise the client or employer of the position before informing the authorities and should give no further information to the authorities without the consent of the client or employer unless required to do so by law.

§ 7. Cross Border Activities

- 2.7.1 When considering the application of ethical requirements in cross border activities a number of situations may arise. Whether a professional accountant is a member of the profession in one country only or is also a member of the profession in the country where the services are performed should not affect the manner of dealing with each situation.
- 2.7.2 A professional accountant qualifying in one country may reside in another country or may be temporarily visiting that country to perform professional services. In all circumstances, the professional accountant should carry out professional services in accordance with the relevant technical standards and ethical requirements. The particular technical standards which should be followed are not dealt within this section. In all other respects, however, the professional accountant should be guided by the ethical requirements set out below.
- 2.7.3 When a professional accountant performs services in a country other than the home country and differences on specific matters exist between ethical requirements of the two countries the following provisions should be applied:
 - (a) When the ethical requirements of the country in which the services are being performed are less strict than the IFAC Code of Ethics, then the IFAC Code of Ethics should be applied.
 - (b) When the ethical requirements of the country in which services are being performed are stricter than the IFAC Code of Ethics, then the ethical requirements in the country where services are being performed should be applied.
 - (c) When the ethical requirements of the home country are mandatory for services performed outside that country and are stricter than set out in (a) and (b) above, then the ethical requirements of the home country should be applied. (In the case of cross border advertising and solicitation see also § 8 paragraph 2.8.4 and 2.8.5 below.)

§ 8. Advertising, Solicitation, Publicity

- 2.8.1 Whether or not advertising and solicitation by individual professional accountants in public practice are permitted is a matter for member bodies to determine based upon the legal, social and economic conditions in each country.
- 2.8.2 When permitted, such advertising and solicitation should be aimed at informing the public in an objective manner and should be decent, honest, truthful and in good taste. Solicitation by the use of coercion or harassment should be prohibited.
- 2.8.3 Examples of activities which may be considered not to meet the above criteria include those that:
 - (a) create false, deceptive or unjustified expectations of favorable results;
 - (b) imply the ability to influence any court, tribunal, regulatory agency or similar body or official;
 - (c) consist of self-laudatory statements that are not based on verifiable facts;
 - (d) make comparisons with other professional accountants in public practice;
 - (e) contain testimonials or endorsements;
 - (f) contain any other representations that would be likely to cause a reasonable person to misunderstand or be deceived; and

(g) make unjustified claims to be an expert or specialist in a particular field of accountancy.

- 2.8.4 A professional accountant in public practice in a country where advertising is permitted should not seek to obtain an advantage by advertising in newspapers or magazines published or distributed in a country where advertising is prohibited. Similarly, a professional accountant in public practice in a country where advertising is prohibited should not advertise in a newspaper or magazine published in a country where advertising is permitted.
- 2.8.5 In situations where professional accountants in public practice in their international cross border activities violate the provisions of paragraph 2.8.4, contact should take place between the member body in the country in which the violation takes place and the member body of the home country of the professional accountant in public practice to ensure that the member body in the home country is made aware of such violation.
- 2.8.6 It is clearly desirable that the public should be aware of the range of services available from a professional accountant. Accordingly there is no objection to a member body communicating such information to the public on an institutional basis, i.e., in the name of the member body.

Publicity by Professional Accountants in Public Practice in a Non-Advertising Environment

- 2.8.7 When advertising is not permitted, publicity by individual professional accountants in public practice is acceptable provided:
- (a) it has as its object the notification to the public or such sectors of the public as are concerned, of matters of fact in a manner that is not false, misleading or deceptive;
 - (b) it is in good taste;
 - (c) it is professionally dignified; and
 - (d) it avoids frequent repetition of, and any undue prominence being given to the name of the professional accountant in public practice.
- 2.8.8 The examples which follow are illustrative of circumstances in which publicity is acceptable and the matters to be considered in connection therewith subject always to the overriding requirements mentioned in the preceding paragraph.

Appointments and Awards

It is in the interests of the public and the accountancy profession that any appointment or other activity of a professional accountant in a matter of national or local importance, or the award of any distinction to a professional accountant, should receive publicity and that membership of the professional body should be mentioned. However, the professional accountant should not make use of any of the aforementioned appointments or activities for personal professional advantage.

Professional Accountants Seeking Employment or Professional Business

A professional accountant may inform interested parties through any medium that a partnership or salaried employment of an accountancy nature is being sought. The professional accountant should not, however, publicize for subcontract work in a manner which could be interpreted as seeking to procure professional business. Publicity seeking subcontract work may be acceptable if placed only in the professional press and provided that neither the professional accountant's name, address or telephone number appears in the publicity. A professional accountant may write a letter or make a direct approach to another professional accountant when seeking employment or professional business.

Directories

A professional accountant may be listed in a directory provided neither the directory itself nor the entry could reasonably be regarded as a promotional advertisement for those listed therein. Entries should be limited to name, address, telephone number, professional description and any other information necessary to enable the user of the directory to make contact with the person or organization to which the entry relates.

Books, Articles, Interviews, Lectures, Radio and Television Appearances

Professional accountants who author books or articles on professional subjects, may state their name and professional qualifications and give the name of their organization but shall not give any information as to the services that firm provides.

Similar provisions are applicable to participation by a professional accountant in a lecture, interview or a radio or television program on a professional subject. What professional accountants write or say, however, should not be promotional of themselves or their firm but should be an objective professional view of the topic under consideration. Professional accountants are responsible for using their best endeavors to ensure that what ultimately goes before the public complies with these requirements.

Training Courses, Seminars, etc.

A professional accountant may invite clients, staff or other professional accountants to attend training courses or seminars conducted for the assistance of staff. Other persons should not be invited to attend such training courses or seminars except in response to an unsolicited request. The requirement should in no way prevent professional accountants from providing training services to other professional bodies, associations or educational institutions which run courses for their members or the public. However, undue prominence should not be given to the name of a professional accountant in any booklets or documents issued in connection therewith.

Booklets and Documents Containing Technical Information

Booklets and other documents bearing the name of a professional accountant and giving technical information for the assistance of staff or clients may be issued to such persons or to other professional accountants.

Other persons should not be issued with such booklets or documents except in response to an unsolicited request.

Staff Recruitment

Genuine vacancies for staff may be communicated to the public through any medium in which comparable staff vacancies normally appear. The fact that a job specification necessarily gives some detail as to one or more of the services provided to clients by the professional accountant in public practice is acceptable but it should not contain any promotional element. There should not be any suggestion that the services offered are superior to those offered by other professional accountants in public practice as a consequence of size, associations, or for any other reason.

In publications such as those specifically directed to schools and other places of education to inform students and graduates of career opportunities in the profession, services offered to the public may be described in a businesslike way.

More latitude may also be permissible in a section of a newspaper devoted to staff vacancies than would be allowed if the vacancy appeared in a prominent position elsewhere in a newspaper on the grounds that it would be most unlikely that a potential client would use such media to select a professional adviser.

Publicity on Behalf of Clients

A professional accountant in public practice may publicize on behalf of clients, primarily for staff. However, the professional accountant in public practice should ensure that the emphasis in the publicity is directed towards the objectives to be achieved for the client.

Brochures and Firm Directories

A professional accountant in public practice may issue to clients or, in response to an unsolicited request, to a non-client:

- (a) a factual and objectively worded account of the services provided; and
- (b) a directory setting out names of partners, office addresses and names and addresses of associated firms and correspondents.

Stationery and Nameplates

Stationery of professional accountants in public practice should be of an acceptable professional standard and comply with the requirements of the law and of the member body concerned as to names of partners, principals and others who participate in the practice, use of professional descriptions and designatory letters, cities or countries where the practice is represented, logotypes, etc. The designation of any services provided by the practice as being of specialist nature should not be permitted. Similar provisions, where applicable, should apply to nameplates.

Newspaper Announcements

Appropriate newspapers or magazines may be used to inform the public of the establishment of a new practice, of changes in the composition of a partnership of professional accountants in public practice, or of any alteration in the address of a practice.

Such announcements should be limited to a bare statement of facts and consideration given to the appropriateness of the area of distribution of the newspaper or magazine and number of insertions.

Inclusion of the Name of a Professional Accountant in Public Practice in a Document Issued by a Client

When a client proposes to publish a report by a professional accountant in public practice dealing with the client's existing business affairs or in connection with the establishment of a new business venture, the professional accountant in public practice should take steps to ensure that the context in which the report is published is not such as might result in the public being misled as to the nature and meaning of the report. In these circumstances, the professional accountant in public practice should advise the client that permission should first be obtained before publication of the document.

Similar consideration should be given to other documents proposed to be issued by a client containing the name of a professional accountant in public practice acting in an independent professional capacity. This does not preclude the inclusion of the name of a professional accountant in public practice in the annual report of a client.

When professional accountants in their private capacity are associated with, or hold office in, an organization, the organization may use their name and professional status on stationery and other documents. The professional accountant in public practice should ensure that this information is not used in such a way as might lead the public to believe that there is a connection with the organization in an independent professional capacity.

§ 9. Fees and Commissions

- 2.9.1 Professional accountants in public practice who undertake professional services for a client, assume the responsibility to perform such services with integrity and objectivity and in accordance with the appropriate technical standards. That responsibility is discharged by applying the professional skill and knowledge which professional accountants in public practice have acquired through training and experience. For the services rendered, the professional accountant in public practice is entitled to remuneration.

Professional Fees

- 2.9.2 Professional fees should be a fair reflection of the value of the professional services performed for the client, taking into account:
- (a) The skill and knowledge required for the type of professional services involved.
 - (b) The level of training and experience of the persons necessarily engaged in performing the professional services.
 - (c) The time necessarily occupied by each person engaged in performing the professional services.
 - (d) The degree of responsibility that performing those services entails.
- 2.9.3 Professional fees should normally be computed on the basis of appropriate rates per hour or per day for the time of each person engaged in performing professional services. These rates should be based on the fundamental premise that the organization and conduct of the professional accountant in public practice and the services provided to clients are well planned, controlled and managed. They should take into account the factors set out in paragraph 2.9.2 and are influenced by the legal, social and economic conditions of each country. It is for each professional accountant in public practice to determine the appropriate rates.
- 2.9.4 A professional accountant in public practice should not make a representation that specific professional services in current or future periods will be performed for either a stated fee, estimated fee, or fee range if it is likely at the time of the representation that such fees will be substantially increased and the prospective client is not advised of that likelihood.
- 2.9.5 When performing professional services for a client it may be necessary or expedient to charge a pre-arranged fee, in which event the professional accountant in public practice should estimate a fee taking into account the matters referred to in paragraphs 2.9.2 through 2.9.4.
- 2.9.6 It is not improper for a professional accountant in public practice to charge a client a lower fee than has previously been charged for similar services, provided the fee has been calculated in accordance with the

factors referred to in paragraphs 2.9.2 through 2.9.4.

The fact that a professional accountant in public practice secures work by quoting a fee lower than another is not improper. However, professional accountants in public practice who obtain work at fees significantly lower than those charged by **an existing accountant**, or quoted by others, should be aware that there is a risk of a perception that the quality of work could be impaired.

Accordingly, when deciding on a fee to be quoted to a client for the performance of professional services, a professional accountant should be satisfied that, as a result of the fee quoted:

- the quality of work will not be impaired and that due care will be applied to comply with all professional standards and quality control procedures in the performance of those services, and
- the client will not be misled as to the precise scope of services that a quoted fee is intended to cover and the basis on which future fees will be charged.

- 2.9.7 Professional services should not be offered or rendered to a client under an arrangement whereby no fee will be charged unless a specified finding or result is obtained or when the fee is otherwise contingent upon the findings or results of such services.

Commentary

Fees should not be regarded as being contingent if fixed by a court or other public authority. Fees charged on a percentage or similar basis, except when authorized by statute or approved by a member body as generally accepted practice for certain professional services, should be regarded as contingent fees.

- 2.9.8 The foregoing paragraphs relate to fees as distinct from reimbursement of expenses. Out-of-pocket expenses, in particular traveling expenses, attributable directly to the professional services performed for a particular client would normally be charged to that client in addition to the professional fees.

- 2.9.9 It is in the best interests of both the client and the professional accountant in public practice that the basis on which fees are computed and any billing arrangements are clearly defined, preferably in writing, before the commencement of the engagement to help in avoiding misunderstandings with respect to fees. (For further guidance refer to National Standard on Auditing 210 "Terms of Audit Engagements".)

Commissions

- 2.9.10 The payment or receipt of a commission by a professional accountant in public practice could impair objectivity and independence. Subject to paragraph 2.9.13, a professional accountant in public practice should not, therefore, pay a commission to obtain a client nor should a commission be accepted for referral of a client to a third party. A professional accountant in public practice should not accept a commission for the referral of the products or services of others.
- 2.9.11 Payment and receipt of referral fees between professional accountants in public practice when no services are performed by the referring accountant are regarded as commissions for the purpose of paragraph 2.9.10.
- 2.9.12 A professional accountant in public practice may enter into an arrangement for the purchase of the whole or part of an accounting practice requiring payments to individuals formerly engaged in the practice or payments to their heirs or estates. Such payments are not regarded as commissions for the purpose of paragraph 2.9.10.
- 2.9.13 In those countries where payment and receipt of commissions are permitted, either by statute or by a member body, such engagements should be limited to those for which independence is not required and the professional accountant in public practice should nonetheless disclose the facts to the client.

§ 10. Activities Incompatible with the Practice of Public Accountancy

- 2.10.1 A professional accountant in public practice should not concurrently engage in any business, occupation or activity which impairs or might impair integrity, objectivity or independence, or the good reputation of the profession and therefore would be incompatible with the rendering of professional services.
- 2.10.2 The rendering of two or more types of professional services concurrently does not by itself impair integrity, objectivity or independence.

- 2.10.3 The simultaneous engagement in another business, occupation or activity unrelated to professional services which has the effect of not allowing the professional accountant in public practice properly to conduct a professional practice in accordance with the fundamental ethical principles of the accountancy profession should be regarded as inconsistent with the practice of public accountancy.

§ 11. Relations with Other Professional Accountants in Public Practice

Accepting New Assignments

- 2.11.1 The extension of the operations of a business undertaking frequently results in the formation of branches or subsidiary companies at locations where an existing accountant* does not practice. In these circumstances, the client or the existing accountant in consultation with the client may request a receiving accountant* practicing at those locations to perform such professional services as necessary to complete the assignment.
- 2.11.2 Referral of business may also arise in the area of special services or special tasks. The scope of the services offered by professional accountants in public practice continues to expand and the depth of knowledge which is needed to serve the public often calls for special skills. Since it is impracticable for any one professional accountant in public practice to acquire special expertise or experience in all fields of accountancy, some professional accountants in public practice have decided that it is neither appropriate nor desirable to develop within their firms the complete range of special skills which may be required.
- 2.11.3 Professional accountants in public practice should only undertake such services which they can expect to complete with professional competence. It is essential therefore for the profession in general and in the interests of their clients that professional accountants in public practice be encouraged to obtain advice when appropriate from those who are competent to provide it.
- 2.11.4 An existing accountant without a particular skill may however be reluctant to refer a client to another professional accountant in public practice who may possess that skill, because of the fear of losing existing business to the other professional accountant in public practice. As a result, clients may be deprived of the benefit of advice which they are entitled to receive.
- 2.11.5 The wishes of the client should be paramount in the choice of professional advisers, whether or not special skills are involved. Accordingly, a professional accountant in public practice should not attempt to restrict in any way the client's freedom of choice in obtaining special advice, and when appropriate should encourage a client to do so.
- 2.11.6 The services or advice of a professional accountant in public practice having special skills may be sought in one or other of the following ways:
- (a) by the client
 - (i) after prior discussion and consultation with the existing accountant;
 - (ii) on the specific request or recommendation of the existing accountant; and
 - (iii) without reference to the existing accountant; or
 - (b) by the existing accountant with due observance of the duty of confidentiality.
- 2.11.7 When a professional accountant in public practice is asked to provide services or advice, inquiries should be made as to whether the prospective client has an existing accountant. In cases where there is an existing accountant who will continue to provide professional services, the procedures set out in paragraphs 2.11.8-2.11.14 should be observed. If the appointment will result in another professional accountant in public practice being superseded, the procedures set out in paragraphs 2.11.15-2.11.26 should be followed.
- 2.11.8 The receiving accountant should limit the services provided to the specific assignment received by referral from the existing accountant or the client unless otherwise requested by the client. The receiving accountant also has the duty to take reasonable steps to support the existing accountant's current relationship with the client and should not express any criticism of the professional services of the existing accountant without giving the latter an opportunity to provide all relevant information.
- 2.11.9 A receiving accountant who is asked by the client to undertake an assignment of a type which is clearly distinct from that being carried out by the existing accountant or from that initially received by referral from the existing accountant or from the client, should regard this as a separate request to provide services or

* For definitions see pages 4-5.

advice. Before accepting any appointments of this nature, the receiving accountant should advise the client of the professional obligation to communicate with the existing accountant and should immediately do so preferably in writing, advising of the approach made by the client and the general nature of the request as well as seeking all relevant information, if any, necessary to perform the assignment.

- 2.11.10 Circumstances sometimes arise when the client insists that the existing accountant should not be informed. In this case, the receiving accountant should decide whether the client's reasons are valid. In the absence of special circumstances a mere disinclination by the client for communication with the existing accountant would not be a satisfactory reason.
- 2.11.11 The receiving accountant should:
 - (a) comply with the instructions received from the existing accountant or the client to the extent that they do not conflict with relevant legal or other requirements; and
 - (b) ensure, insofar as it is practicable to do so, that the existing accountant is kept informed of the general nature of the professional services being performed.
- 2.11.12 When there are two or more other professional accountants in public practice performing professional services for the client concerned it may be appropriate to notify only the relevant professional accountant in public practice depending on the specific services being performed.
- 2.11.13 When appropriate the existing accountant, in addition to issuing instructions concerning referred business, should maintain contact with the receiving accountants and cooperate with them in all reasonable requests for assistance.
- 2.11.14 When the opinion of a professional accountant, other than the existing accountant, is sought on the application of accounting, auditing, reporting or other standards or principles to specific circumstances or transactions, the professional accountant should be alert to the possibility of the opinion creating undue pressure on the judgment and objectivity of the accountant. An opinion given without full and proper facts can cause difficulty to the receiving accountant if the opinion is challenged or the receiving accountant is subsequently appointed by the company. Accordingly, the professional accountant should seek to minimize the risk of giving inappropriate guidance by ensuring that he or she has access to all relevant information. When there is a request for an opinion in the above circumstances there is a requirement for communication with the existing accountant. It is important that the existing accountant, with the permission of the client, provide the receiving accountant with all requested relevant information about the client. With the permission of the client, the receiving accountant should also provide a copy of the final report to the existing accountant. If the client does not agree to these communications, then the engagement should ordinarily not be performed.

Superseding Another Professional Accountant in Public Practice

- 2.11.15 The proprietors of a business have an indisputable right to choose their professional advisers and to change to others should they so desire. While it is essential that the legitimate interests of the proprietors are protected, it is also important that a professional accountant in public practice who is asked to replace another professional accountant in public practice has the opportunity to ascertain if there are any professional reasons why the appointment should not be accepted. This cannot effectively be done without direct communication with the existing accountant. In the absence of a specific request, the existing accountant should not volunteer information about the client's affairs.
- 2.11.16 Communication enables a professional accountant in public practice to ascertain whether the circumstances in which a change in appointment is proposed are such that the appointment can properly be accepted and also whether there is a wish to undertake the engagement. In addition, such communication helps to preserve the harmonious relationships which should exist between all professional accountants in public practice on whom clients rely for professional advice and assistance.
- 2.11.17 The extent to which an existing accountant can discuss the affairs of the client with the proposed professional accountant in public practice depend on:
 - (a) whether the client's permission to do so has been obtained; and/or
 - (b) the legal or ethical requirements relating to such disclosure which may vary by country.
- 2.11.18 The proposed professional accountant in public practice should treat in the strictest confidence and give due weight to any information provided by the existing accountant.

- 2.11.19 The information provided by the existing accountant may indicate, for example, that the ostensible reasons given by the client for the change are not in accordance with the facts. It may disclose that the proposal to make a change in professional accountants in public practice was made because the existing accountants stood their ground and properly carried out the duties as professional accountants in public practice despite opposition or evasion on an occasion on which important differences of principles or practice have arisen with the client.
- 2.11.20 Communication between the parties therefore serves:
- (a) To protect a professional accountant in public practice from accepting an appointment in circumstances where all the pertinent facts are not known.
 - (b) To protect the minority proprietors of a business who may not be fully informed of the circumstances in which the change is proposed.
 - (c) To protect the interests of the existing accountant when the proposed change arises from, or is an attempt to interfere with, the conscientious exercise of the existing accountant's duty to act as an independent professional.
- 2.11.21 Before accepting an appointment involving recurring professional services hitherto carried out by another professional accountant in public practice, the proposed professional accountant in public practice should:
- (a) Ascertain if the prospective client has advised the existing accountant of the proposed change and has given permission, preferably in writing, to discuss the client's affairs fully and freely with the proposed professional accountant in public practice.
 - (b) When satisfied with the reply received from prospective client, request permission to communicate with the existing accountant. If such permission is refused or the permission referred to in a) above is not given, the proposed professional accountant in public practice should, in the absence of exceptional circumstances of which there is full knowledge, and unless there is satisfaction as to necessary facts by other means, decline the appointment.
 - (c) On receipt of permission, ask the existing accountant, preferably in writing:
 - (i) to provide information on any professional reasons which should be known before deciding whether or not to accept the appointment and, if there are such matters; and
 - (ii) to provide all the necessary details to be able to come to a decision.
- 2.11.22 The existing accountant, on receipt of the communication referred to in paragraph 13.21 (c) should forthwith:
- (a) Reply, preferably in writing, advising whether there are any professional reasons why the proposed professional accountant in public practice should not accept the appointment.
 - (b) If there are any such reasons or other matters which should be disclosed, ensure that the client has given permission to give details of this information to the proposed professional accountant in public practice. If permission is not granted, the existing accountant should report that fact to the proposed professional accountant in public practice.
 - (c) On receipt of permission from the client, disclose all information needed by the proposed professional accountant in public practice to be able to decide whether or not to accept the appointment, and discuss freely with the proposed professional accountant in public practice all matters relevant to the appointment of which the latter should be aware.
- 2.11.23 If the proposed professional accountant in public practice does not receive, within a reasonable time, a reply from the existing accountant and there is no reason to believe that there are any exceptional circumstances surrounding the proposed change, the proposed professional accountant in public practice should endeavor to communicate with the existing accountant by some other means. If unable to obtain a satisfactory outcome in this way, the proposed professional accountant in public practice should send a further letter, stating that there is an assumption that there is no professional reason why the appointment should not be accepted and that there is an intention to do so.
- 2.11.24 The fact that there may be fees owing to the existing accountant is not a professional reason why another professional accountant in public practice should not accept the appointment.
- 2.11.25 The existing accountant should promptly transfer to the new professional accountant in public practice all books and papers of the client which are or may be held after the change in appointment has been effected and should advise the client accordingly, unless the professional accountant in public practice has a legal right to withhold them.

- 2.11.26 Certain organizations, either because of legislative requirements or otherwise, call for submissions or tenders, e.g., competitive bids, in relation to professional services offered by accountants in public practice. In reply to a public advertisement or an unsolicited request to make a submission or submit a tender, a professional accountant in public practice should, if the appointment may result in the replacement of another professional accountant in public practice, state in the submission or tender that before acceptance the opportunity to contact the other professional accountant in public practice is required so that inquiries may be made as to whether there are any professional reasons why the appointment should not be accepted. If the submission or tender is successful, the existing accountant should then be contacted.

§ 12. Clients' Monies

- 2.12.1 It is recognized that in some countries the law does not permit a professional accountant in public practice to hold clients' monies; in other countries there are legal duties imposed on professional accountants in public practice who do hold such monies. The professional accountant in public practice should not hold clients' monies if there is reason to believe that they were obtained from, or are to be used for, illegal activities.
- 2.12.2 A professional accountant in public practice entrusted with monies belonging to others should:
- (a) keep such monies separately from personal or firm monies;
 - (b) use such monies only for the purpose for which they are intended; and
 - (c) at all times, be ready to account for those monies to any persons entitled to such accounting.
- 2.12.3 A professional accountant in public practice should maintain one or more bank accounts for clients' monies. Such bank accounts may include a general client account* into which the monies of a number of clients may be paid.
- 2.12.4 Clients' monies received by a professional accountant in public practice should be deposited without delay to the credit of a client account, or—if in the form of documents of title to money and documents of title which can be converted into money—be safeguarded against unauthorized use.
- 2.12.5 Monies may only be drawn from the client account on the instructions of the client.
- 2.12.6 Fees due from a client may be drawn from client's monies provided the client, after being notified of the amount of such fees, has agreed to such withdrawal.
- 2.12.7 Payments from a client account shall not exceed the balance standing to the credit of the client.
- 2.12.8 When it seems likely that the client's monies remain on client account for a significant period of time, the professional accountant in public practice should, with the concurrence of the client, place such monies in an interest bearing account within a reasonable time.
- 2.12.9 All interest earned on clients' monies should be credited to the client account.
- 2.12.10 Professional accountants in public practice should keep such books of account as will enable them, at any time, to establish clearly their dealings with clients' monies in general and the monies of each individual client in particular. A statement of account should be provided to the client at least once a year.

Chapter 3.

PRACTICAL ISSUES RELATED TO COMPLIANCE WITH STANDARDS OF PROFESSIONAL CONDUCT

§ 1. Questions on Independence

- 3.1.1 **Acceptance of a Gift** – when a client offers a gift or other unusual consideration to an auditor.
- 3.1.2 **Member's Spouse as Accountant of Client** – the spouse of a member is employed as an accountant by a client.

* For definition see pages 4-5.

- 3.1.3 **Member Providing Advisory Services** – a member has attended board meetings, interpreted financial statements, forecasts and other analyses.
- 3.1.4 **Member Providing Legal Services** – a member who is an attorney serves as general counsel or its equivalent for a client.
- 3.1.5 **Unpaid Fees** – a member’s client has not paid fees for previously rendered professional services and this fact impairs a member’s independence for the current year.
- 3.1.6 **Member Providing Appraisal, Valuation or Actuarial Services** – performance by a member of appraisal, valuation or actuarial services, the results of which may be incorporated in the client’s financial statements and impair a member’s independence.
- 3.1.7 **Use of the CPC Designation by Member Not in Public Practice** – a member who is not in public practice wishes to use the CPC designation in connection with financial statements or along with employment title on business cards.
- 3.1.8 **Member’s Depository Relationship With Client Financial Institution** – a member maintains checking accounts or has savings accounts, certificates of deposit or money market accounts at a financial institution for which the member provides professional services.
- 3.1.9 **Member Leasing Property to or From a Client** – a member leases property to or from a client which affects the member’s independence with respect to the client.
- 3.1.10 **Actions Permitted When Independence Is Impaired** – a member who was independent when his or her report was initially issued may re-sign the report or consent to its use at a later date when his or her independence is impaired.
- 3.1.11 **Member Providing Operating Auditing Services** – as part of an extended audit engagement, a member is asked to provide an operating audit
- 3.1.12 **Frequency of Performance of Extended Audit Procedures** – in providing extended audit services the frequency with which a member performs an audit procedure impairs the member’s independence.
- 3.1.13 **Member Has Significant Influence Over an Entity That Has Significant Influence Over a Client** – such influence may impair the member’s independence with respect to the client.

§ 2. Questions on Integrity and Objectivity

- 3.2.1 **Member Providing Services for Company Executives** – in performing audit services a member has been approached by a company to provide personal financial planning and tax services for its executives.

§ 3. Questions on Confidentiality

- 3.3.1 **Distribution of Client Information to Trade Association** – a member is requested by a trade association to supply profit and loss percentages taken from the reports of the accountants’ clients.
- 3.3.2 **Revealing Client Information to Competitors** – a member reveals to the client’s competitors any confidential information obtained in his or her professional capacity.
- 3.3.3 **Revealing Names of Clients** – a member or member’s firm may disclose the clients’ names.

- 3.3.4 **Use of Confidential Information on Management Consulting Engagements** – a non-client outside source has provided pertinent information to the member or member's firm with the understanding that the source and the details of the information will not be disclosed. However, the auditor believes that this information directly affects his or her conclusions and recommendations.
- 3.3.5 **Member Removing Client Files From an Accounting Firm** – if a member terminates his or her relationship with a firm, he or she takes original or copies from the firm's client files or proprietary information without the firm's permission.
- 3.3.6 **Disclosure of Client Information in Legal Proceedings** – a member discloses confidential client information to the member's attorney or a court.
- 3.3.7 **Confidentiality of Information Contained In Tax Return** – a member discloses confidential information on request of the State tax inspection.

§ 4. Questions on Publicity

- 3.4.1 **Course Instructor** – a member includes his CPC title in advertising material for a course, which he has been asked to conduct.
- 3.4.2 **Member Interviewed by the Press** – when interviewed by a reporter, a member should observe the limitation imposed on him by the profession.
- 3.4.3 **Member's Association with Newsletters and Publications** – a newsletter or similar publications may be attributed to a member if it has not been prepared by him.
- 3.4.4 **"Attorney – Professional Accountant" Stationery** – professional accountant who provides also legal services is presented by one letter – head of the organization.
- 3.4.5 **Performing Professional Services on behalf of an Association or Group** – being distinct and independent a member or a professional audit firm enters an association or group that works in several general areas and wishes to perform an audit on behalf of the association or group.

§ 5. Questions on Fees and Commissions

- 3.5.1 **Referral of Products of Others** – a member refers products of a third party to his client.
- 3.5.2 **Sale of Products to Clients** – a member purchases a product from a third-party supplier and resell the product to a client.
- 3.5.3 **Billing for Subcontractor's Services** – a member bills the client a higher service fee than that charged the member by the service provider.



POLICY GUIDANCE

A Certification Program for Accountants and Auditors in the Republic of Moldova

Approved by the Board of Directors July 1999

NOTE

This Policy Guidance is a revision of the document Guidelines , prepared in March 1997 and revised December 1998. Policy Guidance was prepared by the Certification Committee of the Association of Professional Accountants and Auditors of the Republic of Moldova, and approved by the Board of Directors of the Association in July 1999.

1. GENERAL AUTHORITY

The Association Charter specifically states that the Board of Directors will participate in "... the implementation of professional Certification Programs".

In addition, the Association's by-laws state in Article 1, Section 2, Paragraph ©: "*promote the Republic -wide, public recognition of Moldova's professional accountants and auditors by contributing to the certification process*".

This activity is not intended to conflict in any way with the laws and regulations of the Republic of Moldova.

1.1 DUTIES AND POWERS

The by-laws continue in Article 4, Section 5: Duties and Powers

(a) "The Board is the Association's decision making body and its single voice. Principal duties of the Board include but are not limited to: speaking for its membership on issues of accounting and auditing, establishing Association Rules and policies, authorizing committees, working groups, and local chapters, promoting, encouraging, coordinating, and monitoring local activities, approving Association sponsored training programs for development and presentation, and supporting a professional certification program."

1.2 EXECUTIVE DIRECTOR

The by-laws continue in Article 7, Section 2: Duties of the Executive Director

The Executive Director's duties will include but not be limited to coordinating education, membership, and certification activities.

1.3 EDUCATION AND TRAINING COMMITTEE

The by-law continues in Article 8, Section 5:

(d) Education and Training Programs Committee - This Committee's responsibilities include Association sponsored training which will help prepare those interested in ...[the certification]...examination.

1.4 CERTIFICATION COMMITTEE

The by-laws continue in Article 8, Section 5:

(l) Certifying - This committee...[will] establish a system and related procedures, for preparing accountants and auditors for the certifying process.

The Certification Committee, having overall responsibility for the program, needs to routinely develop and continue to refine its operating procedures. Since certification is recent in the Republic, care should be taken to ensure that the policy guidance and procedures are adequate to accomplish the Association's objectives into the immediate future.

As experience is gained, modifications, additions or deletions will be required to further enhance the program. Changing economic and political conditions in the Republic and throughout the world will almost certainly require the Association to take up new challenges relating to the professional practice of accounting and auditing.

1.5 GENERAL RULES

Rules of the Board of Directors

Rules of the Board which apply to the Certification Program include:

1. Rules of professional conduct appropriate to establish and maintain a high standard of integrity, dignity and competency in the accounting and auditing professions;
2. Rules governing education requirements for issuance of the Certificates for Professional Accountants and Auditors.
3. Rules prescribing continuing education requirements to be met by professional accountants and auditors so that they keep current with the changes that are continually evolving in the professional practice of accounting and auditing, both in Moldova and throughout the world. In issuing Rules and individual orders regarding continuing education, the Board in its discretion:
 - 3.1 may, among other things, use or otherwise refer to guidelines and pronouncements of recognized educational and professional Associations,
 - 3.2 may prescribe the content, duration and organization of courses, and
 - 3.3 shall take into account the accessibility to applicants of such continuing education.
4. Rules defining requirements for accounting and auditing experience.
5. Rules to enforce provisions of these Rules, the purpose of which Rules shall be to provide for the monitoring of the professional practice of accounting and auditing.

The following policy guidance and/or Rules are intended to be descriptive rather than prescriptive in assisting the Association in its future activities.

2. CERTIFICATION PROGRAM

2.1 PROGRAM OBJECTIVES

The Certification Program of the Association has the following objectives:

- to measure the level of professional and technical proficiency of individual accountants and auditors;
- to establish nationally recognized benchmarks of performance and competency recognition;
- to encourage accountants and auditors to develop their theoretical knowledge and practical skills;
- to provide an opportunity to ACAP members for recognition and professional development;
- to strengthen the role of ACAP and attract membership as the certification-conferring body for accountants and auditors in the Republic of Moldova;
- to strengthen self-regulation of the accounting and auditing profession;
- to establish and maintain an internationally recognized certification program for accountants and auditors, and
- maintain its associate membership in the International Federation of Accountants (IFA) and eventually qualify for full membership.

2.2 CERTIFICATION COMMITTEE

The Certification Committee shall be composed of two (2) Directors (Co-Directors) from the Board of Directors of ACAP who are appointed by the Board of Directors of ACAP, and three (3) members. Committee members will be proposed by the Co-Directors of the Certification Committee at their discretion and subsequently approved by the Board of Directors of ACAP. One of the Co-Directors shall act as Chairperson at all meetings of the Committee and the other Co-Director will be his/her deputy and will act as Chairperson in his/her absence. The Co-Directors and members of the Committee shall have a term of three (3) years. The other Co-Director of the Certification Committee will serve as Chairperson of the Board of Examiners.

2.2.1 Qualifications of Certification Committee Members

Certification Committee members must possess the following qualifications:

- University degree in accounting, auditing, or business related subjects,
- practical work experience in accounting, auditing, or business related areas of at least four (4) years and/or teaching experience in accounting, auditing and business related areas of at least four (4) years,
- ACAP member in good standing, and
- may not be directly or indirectly involved with any institution, other than ACAP, or individual, other than ACAP members, that conduct review courses that prepare candidates for the ACAP certification examination.

2.2.2 Functions of the Certification Committee

The Certification Committee is responsible to:

- formulate and recommend policies of the Certification Program to the Association's Board of Directors in order to achieve set objectives,
- recommend to the Board of Directors the adoption of modifications, revisions, or other changes deemed necessary this guidance,
- determine and prescribe minimum requirements leading to the certification of accountants and auditors,
- coordinate with the Association's Training and Education Committee for training activities,

- adopt such measures as may be deemed proper for the enhancement and maintenance of high professional, ethical and technical standards for accounting and auditing,
- formally approve candidate applications for the Certification Program,
- coordinate activities of the Board of Examiners, and
- approve issuance of Certificates to successful candidates upon recommendation of the Board of Examiners.

2.3 BOARD OF EXAMINERS

The Board of Examiners shall be composed of a Chairperson, who is a Co-Director of the Certification Committee, and four (4) members. The Board of Examiners shall propose the members and the Certification Committee will appoint the four (4) members.

The Board of Examiners shall elect a Vice-Chairperson from among its members. The Chairperson shall preside at all meetings of the Board of Examiners. In the event of a vacancy in the Chairperson's position, or the Chairperson's incapacitation, the Vice-Chairperson shall assume such duties and responsibilities until term expiration or until such time as another Chairperson is appointed. For rotation purposes, the Vice-Chairperson shall be elected for a term of one year.

The members of the Board of Examiners shall have a term not to exceed three (3) years.

2.3.1 Qualifications of the Board of Examiners

Members of the Board of Examiners shall possess the following qualifications:

- University degree in accounting, auditing or other business related subject,
- practical work experience of at least 4 years in accounting, auditing or other business related area and/or 4 years teaching experience in the area of accounting, auditing, and business related subjects,
- an ACAP member in good standing, and
- may not be directly or indirectly involved with any institution, other than ACAP, or individuals, other than ACAP members, that conduct review courses that prepare candidates for the ACAP certification examination.

2.3.2 Functions of the Board of Examiners

The Board of Examiners is responsible to :

- determine and prepare the contents of certification examinations, score and rate the examination papers, and submit the examination results to Certification Committee,
- render decisions on candidate questions, complaints or appeals regarding examination results,
- promulgate decisions on such administrative cases subject to review by the Certification Committee,
- recommend to the Certification Committee, suspension, revocation and reissuance of Certificates, and
- perform such other functions and duties as may be deemed necessary to effectively implement policies with respect to the regulation and practice of the professional practice of accounting and auditing in the Republic of Moldova.

2.3.3 Subcommittees of the Board of Examiners

Subcommittees of the Board of Examiners are created to write test questions and prepare the comprehensive examination. The subcommittees are structured to correspond to the three tests comprising the comprehensive examination as follows:

Test #1 Economics, business law, information technology

Test #2 Tax accounting, financial reporting and analysis, financial management

Test #3 Auditing, ethics, accounting

2.3.4 Qualifications of the Members of the Subcommittees of the Board of Examiners

- University degree in accounting, auditing or business related subjects,
- Practical work experience of at least four (4) years in accounting, auditing or business related areas, and/or teaching experience in the area of accounting, auditing, or business related subjects of four (4) years,
- ACAP membership in good standing, and
- may not be directly or indirectly involved with any institution, other than ACAP, or individuals, other than ACAP members, that conduct review courses that prepare candidates for the ACAP certification examination.

2.4 CERTIFICATION PROGRAM DESIGN

The certification program consists of : an examination, educational and experience requirements, and ACAP membership.

2.4.1 Certification Program

The ACAP certification program is designed to confer the designation of Professional Certified Accountant on successful candidates. A candidate is issued such a certificate by the Association once he or she passes all of the tests that comprise the comprehensive examination and meets the other program requirements.

The certification program is post-graduate level and entirely self-study, allowing candidates complete flexibility in structuring study time. The examination tests are prepared for those who are ready to commit themselves to post-graduate level study.

2.5 The Examination

The comprehensive examination consists of three tests and is given twice a year on dates established by the Certification Committee. The three tests comprising the comprehensive examination will be conducted during three consecutive days over a six (6) day period. Each test will be taken in one sitting. Each test will be taken on a separate day.

To prepare for the examination, a study guide will be made available by ACAP for use by candidates. The guide will provide the candidates with learning outcomes for each test.

2.5.1 Length of the Examination

Each of the tests that comprise the comprehensive examination will require about 8 hours to complete. The following daily schedule will be observed: 8:30 to 12:30, a break for lunch, 14:00 to 18:00.

2.5.2 Period for Passing all parts of the Examination

To be awarded the certificate, the candidate must pass all three tests comprising the examination within a two year period. In the event of extenuating circumstances, an individual may apply to the Certification Committee and request that an extension be granted.

2.5.3 Content of the Examination

The following subject areas will be covered by the comprehensive examination and focus on the topics indicated :

Test #1 Economics - macroeconomics, microeconomics, basics of corporate finance, cash and liquidity management, basic statistics and sampling, quantitative methods, time value for money, general organizational development.

Business law -legal entities, corporate structures, bankruptcy, contracts, insurance, debtor/creditor relations, property, security commission rules and regulations.

Information technology - use of computer technology, hardware/software, data base management, internal controls surrounding computerized security systems, section 36 of the rules.

Test #2 Tax accounting - personal, corporate, property, VAT, local income tax.

Financial reporting and analysis - requirements for financial reporting, presentation techniques, ratio analysis, financial analysis.

Financial management – using financial information for decision making, including budgeting, cash flow, break-evens, costing, pricing, cost of capital, forecasting, performance indicators.

Test #3 Auditing - IFAC requirements, international standards of auditing

Ethics - ACAP's code of ethics, IFAC code of ethics, professional standards of practice.

Accounting - national accounting standards, financial accounting, management accounting, cost accounting.

The areas and topics listed above may undergo revision as circumstances require.

2.5.4 Award of Designation

Examinees who pass the comprehensive examination and demonstrate compliance with the other certification requirements will be awarded the designation "Professional Certified Accountant".

2.5.5 Examination Registration Requirements

To be admitted to the examination a candidate must :

- have a university degree in accounting, auditing, or business related subjects, or a college degree in accounting with at least six years of practical experience in accounting /auditing,
- be an ACAP member in good standing,
- complete and submit the required registration form, and
- pay the required examination fee.

2.5.6 Requirements for Certification Designation

To be awarded the designation Professional Certified Accountant the candidate must pass all parts of the comprehensive examination and demonstrate with appropriate and verifiable documentation, that he or she has met the following requirements:

- **Education** University degree in accounting, auditing, or business related subjects, (Exception: If the candidate does not possess a university degree, the candidate may qualify by possessing a college degree in accounting, and have at least six years practical experience in accounting/auditing.)
- **Experience** For university graduates, three years of practical or teaching experience in accounting, auditing, or other business related subjects (limited to: finance, business consulting, management, and economics). Candidates with a college degree as described above, must have at least six years practical experience in accounting/ auditing.

A candidate who successfully passes the comprehensive examination must comply, within three years, with the experience requirements described above. If a candidate does not meet the experience requirements within three years after passing the comprehensive examination, the candidate must retake the entire examination--all tests-- and fully comply with all other requirements then in effect.

Definitions

Practical work experience means full time work experience in the field of accounting, auditing, finance, and business consulting.

Teaching experience relates to teaching accounting, audit, and finance.

Verifiable Documentation for work experience includes but is not limited to an individual's labor book, and letters from all previous employers attesting to the nature and extent of the practical work experience performed, or teaching experience.

Business related subjects include economics, financial management, marketing, banking, finance, and business law.

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- **Membership** The candidate must be a member in good standing of the Association of Professional Accountants and Auditors of the Republic of Moldova at the time the candidate registers for the comprehensive examination.

2.6 Exemption From Comprehensive Examination

In 1997 seven of the 22 candidates that took the ACAP examination passed it. Because ACAP temporarily suspended the certification program and has revised the program, these seven candidates will not be required to take that section of Test #2 that assesses candidates' skills and knowledge in "Financial Reporting and Analysis". Those seven candidates will be given full credit for those questions without taking that part of the test.

2.7 Involvement of the Training and Education Committee

The Certification Committee will coordinate with the Education and Training Committee of the Association about ACAP review courses, sources of review materials, and consultation activities that will be offered to certification candidates.

To achieve objectivity, consultants or any individuals directly connected with preparing, administering and grading the examinations shall not take part in the activities of the Training and Education Committee involving review courses and consultation activities.

2.8 Languages of Examination

The certification examinations will be written in Romanian and Russian. A candidate will be given a choice as to what language to use in the examinations and must make that choice at the time the candidate registers for the test.

2.9 Examination Fee

The candidates who take the certification examination will pay an examination fee for each of the three tests that are taken, to the Association. The Certification Committee will determine the examination fee for each test based on the cost of the test, which costs would include such items as materials and supplies, to be incurred. Fees must be paid each time a candidate registers for a test or tests.

The examination fee is non-refundable. Acceptable forms of payment are cash, and bank transfers into ACAP's account at the BCA Victoriabank:

Cont bancar 225100000100748,

Cod bancar 280101701,

Cod fiscal 10196110-02.

Any questions about payment should be directed to ACAP's offices services staff.

2.10 Test Complaints

In the event a candidate who has taken the examination would like to register a complaint about any of the tests, the candidate must send the complaint in writing to ACAP's executive offices, within seven days after the close of the examination. The complaint should be directed to the **ACAP Certification Committee, Attention: Test Complaint.**

3. CERTIFICATION EXAMINATION SECURITY

During the entire time period while the examination is being developed, administered, and scored, all tests and related materials must be fully secured.

The intent is to prevent any inadvertent or deliberate dissemination of any type of examination related information to examination candidates or anyone else not bound by a confidentiality agreement.

If any breach of examination security occurs, the examination may be canceled and a new examination compiled and scheduled, as determined by the Association.

Following are the general operating procedures to insure such security maintenance.

3.1 Overall Control

1. One specific member of the Board of Examiners should be responsible for overseeing the examination construction, administration and scoring.
2. All members of the Board of Examiners, including those who are directly and indirectly involved in the activities of the Certification Program, should execute confidentiality agreements.

3.2 Preparation and Scoring of the Examination

1. All of the preparatory work for the examination should be done in a controlled room:
 - (a) Compilation/question writing,
 - (b) Typing,
 - (c) Printing,
 - (d) Use of computers,
 - (e) Use of diskettes.
2. All examination-related materials should be secured when not in the controlled room, under locks so that it takes two people to gain access to the material.
3. All errors, mistakes and misprints should be destroyed, shredded if possible, immediately. Used diskettes should be erased before release.
4. Proctors should be instructed on how to administer the examination (see instructions on examination administration). Individuals experienced in giving examinations should be engaged where possible.

4. Administration of the Examination

Procedures - Candidate Identification Numbers

1. Upon presenting a valid, photo bearing identification document or an ACAP membership card, each candidate will be supplied with two pre-numbered cards.
2. The candidate will place his or her name on one card and return it to the proctor who will seal the card in an envelope to be kept in the Association's safe until after the examinations are graded.

3. The candidate will retain the second card, sign and print his or her name on it, and then enter ONLY THE NUMBER on all answer sheets and papers.
4. At the end of the examination the proctor will collect all of the answer sheets, along with the second card. The proctor will check to see that all papers have the card number entered on the papers.
5. After the examinations have been graded the Board of Examiners will retrieve the envelopes from the Association's safe and match the names and numbers. All candidates will be notified if they passed or failed.

Instructions to the candidates prior to distribution of the examination papers

1. The proctor must explain how the numbers are to be used.
2. The candidates should not give their numbers to any other person.

This procedure will keep the candidates' names hidden from the examination graders so as to assure confidentiality and impartiality in grading examinations.

5. EXAMINATION DESIGN, DEVELOPMENT AND SCORING

Examination construction and scoring consists of the following general steps.

5.1 Writing of Examination Questions

The Subcommittee of the Board of Examiners will write examination questions and draft model solutions with detailed grading keys.

5.2 Technical Review of Questions and Model Answers

1. Subcommittees of the Board of Examiners will submit questions with solutions and grading keys to the Board of Examiners for technical quality review.
2. Publish final examination questions.
3. The Board of Examiners will finalize internal grading guides to be used in examination scoring.

5.3 Scoring of Examination Results

1. Grade examination
2. Submit examination papers to grading colleagues or the Board of Examiners, as necessary, for a review. All objective (multiple choice, true/false) questions should be checked once for accuracy. If used, problems and essays may have to be re-checked several times depending on the difficulty of the questions, distribution of grades, or other factors, in order to ensure objectivity and impartiality in scoring examination papers.

Over time, the Association may institute procedures to solicit questions (with proposed solutions) from the general membership of the Association, or from selected accountants in the academic,

government, and enterprise sectors. This process permits more effective use of the limited time of Certification Committee members and the Board of Examiners. The current guideline (and additional appended procedure) presumes internal development of questions in the first several examinations. Additional security and quality control procedures should be developed, as appropriate, when the Board of Examiners decides to use questions provided by external writers.

These graders should be given instruction by the Board of Examiners, on scoring the examinations in a fair and impartial manner.

These graders must comply with the examination security system.

5.4 Minimum Passing Grade and Grading Standards

The Board of Examiners is responsible for establishing the grading standards, including setting the minimum passing score for each test. The Board of Examiners, in determining the appropriate minimum passing score for each test, assumes the additional responsibility for assuring that the integrity of the certification program is maintained.

To meet that responsibility and establishing the minimum passing score for each test, the Board of Examiners must consider several factors, including:

- the relative difficulty of each test as determined by the number of correct and incorrect answers for each candidate,
- the pool or number of candidates taking the test, and
- the continuing need to refine and enhance the test.

6. Communication of Examination Results

Examination results will be reported to the candidate as “pass or fail”. Candidates will be notified of their results by regular mail, not later than 60 days after the completion of the test.

The Board of Examiners will provide the Certification Committee with draft notification letters to be sent to all candidates. These letters will include the candidates’ name, address, and notification of passing or failing. They will be signed by the Chairman of the Board of Examiners and the Director of the Certification Committee.

7. ADMINISTRATION OF EXAMINATION

7.1. Admission to the Examination

Candidates shall submit evidence that they meet the requirements to take the comprehensive examination in accordance with the section titled “**2.5.6 Examination Registration Requirements**”.

The following documents shall be submitted to the Certification Committee at least 30 working days before the date of examination:

- completed application form with one passport-sized picture,
- copy of transcript of records from the university, MBA or Ph.D. (or its equivalent),

- copy of diploma from the university, MBA or Ph.D. degree (or its equivalent), and
- the examination fee.

The Certification Committee will write procedures to be followed by ACAP office staff in compiling and verifying the application documentation. The procedures will include, but not be limited to:

- Matching data on the examination application with Association membership records, and
- verifying University degree data with the institution as appropriate.

The list of each applicants for each test shall be approved by the Certification Committee at least 20 working days before the date of the examination. The approval shall be mailed to the applicant at least 15 days before the scheduled date of the examination.

7.2 Conduct of Examination

7.2.1 Closed-book Examination Policy

The Certification Committee adopts the closed-book policy in all certification examinations. Hence, the candidates are not allowed to use reference materials during the examination.

The candidate may not ask the test proctor to explain or otherwise discuss any of the test questions.

7.2.2 Cheating

Candidates who are found cheating in applying for or taking the examination will be expelled from the examination and will be denied access to future examinations for a period of one year or more. Cheating will invalidate any grade otherwise earned by a candidate. The following actions are considered cheating:

- falsifying or misrepresenting application requirements or other information required for admission to the examination,
- using study and reference materials while taking the examinations,
- exchanging information with other candidates during the examination,
- seeking information by looking at other candidates' examination answers,
- communicating with others outside the examination room while the examination is still going on, and
- substituting another person to sit in the examination room in place of a candidate.

In conducting the examination, the Certification Committee will provide proctors for the examination date and instruct them on rules of conduct for the candidates.

Candidate integrity is of utmost importance and for this reason a detailed list of expected conduct will be distributed prior o the examination start.

Candidate confidentiality is extremely important in the grading process, therefore the assignment and control over candidate numbers that will be used to identify examination papers is of utmost importance. General procedures are outlined in the Examination Security section.

8. Notification of Certification Committee

Once the tests have been graded, the Board of Examiners is to notify the Certification Committee of all candidates' results for both successful and unsuccessful candidates:

- notification should be made as quickly as possible,
- notification should be sent, if possible, by certified (registered) mail to the candidate's address given on the examination application or new address if the Committee has been so notified, and
- notification will include the determination of passing or failing status, as well as the candidate's grade.

8.1 Notification - Unsuccessful Candidates

The Board of Examiners should follow up in writing with candidates who are unsuccessful on the tests to:

- encourage them to take additional courses, seminars and/or workshops to improve their technical skills.
- encourage them to re-take the examination when they are ready
- provide whatever other assistance may be helpful to these individuals.

8.2 Awards to Excellent Performers

The Association will give special certificates to examinees with the highest aggregate score for all three tests on the examination. These awards will be determined by the Certification Committee, based on the scores provided to it by the Board of Examiners. Criteria for deciding these awards includes:

- awards to be made to no more than three candidates,
- aggregate scores will be for all three tests of the examination taken during a one week period, and
- the candidates must pass all three tests,

8.3 Notification - Certification

The Certification Committee shall approve the issuance of Certificates to the candidates who have successfully passed the comprehensive examination, and meet all the education, experience and membership requirements. The Committee may choose to have an appropriate awards ceremony.

- The Certificate should be signed by the Chairperson of the Board of Examiners, the Chairperson of the Certification Committee, and the Chairman of the Board of Directors.
- The Certificate should have the Association's seal affixed.

- The Certificate should be dated, numbered, and issued in order and the Certification Committee should keep a permanent record of all Certificates issued and outstanding, revoked, renewed or canceled.
- All unissued Certificates should be kept locked and under dual control. All numbers must be accounted for.

8.4 Media Notification

The Director of Public Relations, with the Certification Committee, shall initiate the appropriate media contacts to announce and otherwise publicize the award of Certificates to successful candidates.

9. CERTIFICATE MAINTENANCE AND RENEWAL

9.1 General Rules

To maintain their certification, Professional Certified Accountants must comply with all requirements set by the profession and the Association.

Violations of any of the grounds stated in the general guidelines may be cause for taking disciplinary action by the Board of Directors of the Association.

All Certificates are automatically renewable unless revoked or canceled by the Certification Committee for cause, or returned voluntarily by holder for whatever reason.

Certificates that have been revoked, canceled or returned may be renewed by the Certification Committee upon proper application and proof of qualification by the prior holder.

Certificate holders must maintain membership in the Association in order to renew their Certification.

9.2 Issuance and Renewal of Certificates

1. The Certification Committee shall grant or renew Certificates to persons who make application and demonstrate that their qualifications are in accordance with the following subsections of these General Rules.
2. Designations shall be initially issued and are renewable for periods of not more than three years but in any event shall expire on some specified date following issuance or renewal. Applications for such Certificates shall be made in such form, and in the case of applications for renewal between such dates, as the Certification Committee shall by Rule specify. The Certification Committee shall grant or deny any such application no later than thirty (30) days after the application is filed in proper form.
3. In any case where the applicant seeks the opportunity to show that issuance or renewal of a Certificate was mistakenly denied, or where the Certification Committee is not able to determine whether it should be granted or denied, the Certification Committee may issue to the applicant a provisional Certificate, which shall expire ninety days after its issuance or when the Certification Committee determines whether or not to issue or renew the Certificate for which application was made, whichever shall first occur.

4. For renewal of a Certificate under this Section an applicant shall show that the applicant has completed sixty (60) hours of continuing professional education which contribute to the general professional competence in accounting and auditing of the applicant during a two year period, with a minimum of twenty (20) hours each year. The Certification Committee may prescribe by Rule the content, duration and organization of continuing professional education courses that qualify for this requirement.
5. The Certification Committee shall charge a fee for each application for initial issuance or renewal of a Certificate. Certificates shall be renewed every two years.
6. The Certification Committee may decide to issue a Certificate to a holder of a foreign certification designation, granted in a foreign country entitling the holder thereof to engage in the practice of public accounting and auditing, provided that
 - 6.1 The foreign authority which granted the designation makes similar provision to allow a person who holds a valid Certificate issued by Moldova to obtain such foreign authority 's comparable designation;
 - 6.2 The foreign designation:
 - 6.2.1 was duly issued by a foreign authority that regulates the national practice of public accountancy and the foreign designation has not expired or been revoked or suspended;
 - 6.2.2 entitles the holder to issue reports upon financial statements; and
 - 6.2.3 was issued upon the basis of educational, examination and experience requirements established by the foreign authority or by law; and
 - 6.3 The applicant:
 - 6.3.1 received the designation based on educational and examination standards substantially equivalent to those in effect in Moldova at the time the foreign designation was granted;
 - 6.3.2 completed an experience requirement, substantially equivalent to the requirement set by Moldova in the jurisdiction which granted the foreign designation or has completed four (4) years of experience in the practice of accountancy or audit in Moldova; and
 - 6.3.3 passed a uniform qualifying examination (to include national accounting standards of the Republic of Moldova , tax accounting, and business law in effect in Moldova.)
7. An applicant must list all jurisdictions, foreign and domestic, in which the applicant has applied for or holds a professional accountancy or auditing Certificate. The applicant must notify the Certification Committee in writing within thirty (30) days of: (1) any issuance, denial, revocation or suspension of such Certificate, or (2) the commencement of disciplinary or enforcement action by any jurisdiction.

8. The Certification Committee has the sole authority to interpret these Rules.

9.3 Reinstatement of Certificates

1. In a case where the Certification Committee has suspended, revoked or refused to renew a Certificate, the Certification Committee may modify the suspension or reissue upon application in writing by the person affected.
2. The Certification Committee shall specify by Rule the manner in which such application shall be made, the times within which they shall be made, and the circumstances in which a hearing shall be held.
3. Before reissuing the Certificate, or revoking suspension, the Certification Committee may: (1) require the applicant to show successful completion of specified continuing professional education credits, and (2) make the reinstatement conditional on satisfactory completion of a quality review.
4. The Certification Committee may by Rule require, on either a uniform or random basis as condition to renewal of certificates under this Rule, that applicants undergo a quality review. The content and timing of such reviews will be established by Rule of the Certification Committee, provided that any such Rule:
 - a) shall be promulgated reasonably in advance of the time when it first becomes effective;
 - b) shall include a reasonable provision for an applicant to show that an equivalent quality review was satisfactorily completed within the past three years;
 - c) shall require, with respect to quality reviews contemplated by paragraph 2, that they be subject to oversight by an oversight body established or sanctioned by the Certification Committee.

“Quality Review” means a study, appraisal, or review of one or more aspects of the professional work of a person in the practice of professional accountancy and audit, by a person or persons who hold Certificates and who are not affiliated with the person being reviewed.

10. Discipline and Enforcement

1. After notice and hearing, the Certification Committee may revoke or suspend any such Certificate for a period of one (1) or two (2) years, depending upon the gravity of the case; reprimand, censure or limit the scope of practice of any Certificate holder, or place the Certificate holder on probation, all with or without terms, conditions and limitations, for any one or more of the following reasons:
 - 1.1 Fraud or deceit in obtaining a Certificate,
 - 1.2 Cancellation, revocation, suspension or refusal to renew authority to practice professional accountancy or audit,
 - 1.3 Failure on the part of a Certificate holder to maintain compliance with the requirements for issuance or renewal of such Certificate, or to report changes to the Certification Committee,

- 1.4 Dishonesty, fraud or gross negligence in the practice of professional accountancy or audit or in the filing or failure to file the Certificate holder's own tax return,
 - 1.5 Violation of any provision of these Rules,
 - 1.6 Violation of any Rule of professional conduct promulgated by the Certification Committee,
 - 1.7 Conviction of a felony, or of any crime an element of which is dishonesty or fraud, under the laws of Moldova,
 - 1.8 Performance of any fraudulent act while holding a Certificate issued under this Rule,
 - 1.9 Any conduct reflecting adversely upon the Certificate holder's fitness to engage in the practice of professional accounting or audit.
2. In lieu of or in addition to any remedy specifically provide in subsection (1) of this Rule, the Certification Committee may require of a certificate holder:
 - 2.1 A quality review conducted in accordance with Certification Committee Rules; and/or
 - 2.2 Satisfactory completion of such continuing professional education programs as the Certification Committee may specify.
 3. In any proceeding in which a remedy provided by subsection (1) or (2) of this Rule is imposed, the Certification Committee may also require the Certificate holder to pay the costs of the proceeding.

10.1 Enforcement Procedures - Investigations

1. The Board of Examiners may, upon receipt of complaint or other information suggesting violations of the Ethics or Certification Guidelines, conduct investigations to determine whether there is probable cause to institute proceedings against any person for such violation. An investigation under this Rule shall not be a prerequisite to such proceedings in the event that a determination of probable cause can be made without investigation. In aid of such investigations, the Board of Examiners or the Chairperson thereof may issue orders to compel witnesses to testify and/or to produce evidence.
2. The Board of Examiners may designate a member, or any person of appropriate competence, to serve as investigating officer to conduct an investigation. Upon completion of an investigation, the investigating officer shall file a report with the Board of Examiners. The Board of Examiners shall find probable cause or lack of probable cause upon the basis of the report or shall return the report of the investigating officer, the complaint, if any, the testimony and documents submitted in support of the complaint or gathered in the investigation. The investigation shall be treated as confidential information and shall not be disclosed to any person except law enforcement authorities and, to the extent deemed necessary in order to conduct the investigation, the subject of the investigation, persons whose complaints are being investigated, and witnesses questioned in the course of the investigation.
3. Upon finding of probable cause, if the subject of the investigation is a Certificate holder, the Board of Examiners shall direct that a complaint be issued under this Rule. Upon a finding of no

probable cause, the Board of Examiners shall close the matter and shall thereafter release information relating thereto only with the consent of the person under investigation.

4. The Board of Examiners may review the publicly available professional work of Certificate holders on a general and random basis, without any requirement of a formal complaint or suspicion.

10.2 Complaint Process

1. The Board of Examiners shall issue a complaint setting forth appropriate charges and set a date for hearing before the Board of Examiners on such charges. The Board of Examiners shall, not less than 30 days prior to the date of the hearing, serve a copy of the complaint and notice of the time and place of the hearing upon the Certificate holder, together with a copy of the Board of Examiners' procedures governing proceeding under this Rule, either by personal delivery or by mailing a copy thereof by registered mail to the Certificate holder at the Certificate holder's address last known to the Board of Examiners.
2. A Certificate holder against whom a complaint has been issued under this Rule (hereinafter, the "Respondent") shall have the right, reasonably in advance of the hearing, to examine and copy the report or investigation, if any, and any documentary of testimonial evidence and summaries of anticipated evidence in the Board of Examiners' possession relating to the subject matter of the complaint. The Board of Examiners' rules governing proceedings under this Rule shall specify the manner in which such right may be exercised.
3. In a hearing under this Section the Respondent may appear in person and/or by counsel, examine witness and evidence presented in support of the complaint, and present evidence and witness on the Respondent's own behalf. The Respondent shall be entitled, on application to the Board of Examiners, to the issuance of orders to compel the attendance of witnesses and the production of documentary evidence.
4. The evidence supporting the complaint shall be presented by the investigating officer, by a Board of Examiners member designated for that purpose, or by counsel. A board of Examiners member who presents the evidence, or who has conducted the investigation of the matter under this Rule, shall not participate in the Board of Examiners' decision of the matter.
5. In a hearing under this Rule, the Board of Examiners shall be advised by counsel, who shall not be the same counsel who present or assists in presenting the evidence supporting the complaint under subsection (4) of this Rule.
6. In a hearing under this Section the Board of Examiners shall not be bound by technical rules of evidence.
7. In a hearing under this Rule, stenographic or electronic record shall be made and filed with the Board of Examiners. A transcript need not be prepared unless review is sought under subsection (10) of this Rule or the Board of Examiners determines that there is other good cause for its preparation.
8. In a hearing under this Rule a recorded vote of a majority of all members of the Board of Examiners then in office (excluding members disqualified by reason of subsection (4) of this Rule) shall be required to sustain any charge and to recommend any penalty with respect thereto to the Certification Committee.

9. If, after service of a complaint and notice of hearing as provided in subsection (1) of this Rule, the Respondent fails to appear at the hearing, the Board of Examiners may proceed to hear evidence against the Respondent and may enter such order as it deems warranted by the evidence. Such order shall be final unless the Respondent petitions for review thereof under subsection (10) of this Rule, provided, however, that within thirty days from the date of any such order, upon a showing of good cause for the Respondent's failure to appear and defend, the Board of Examiners may set aside the order and schedule a new hearing on the complaint, to be conducted in accordance with applicable subsections of this Rule.
10. Any person adversely affected by any order of the Board of Examiners entered after a hearing under this Rule may obtain review thereof by filing a written petition for review with the Certification Committee within thirty days after the entry of said order. The procedures for review and the scope of the review shall be specified in these Rules.
11. In any case where the Board of Examiners renders a decision imposing discipline against a Certificate holder under this Rule, The Certification Committee shall examine its records to determine whether the Certificate holder holds a Certificate or permit in another country. If so, the Certification Committee shall notify the foreign authority of its decision, by mail, within forty-five days of rendering the decision. The Certification Committee may also furnish information relating to proceedings resulting in disciplinary action to other public authorities who have an interest in the Certificate holder. Where a petition for review has been filed the notification and furnishing of information provided for in this subsection shall await the resolution of such review and, if resolution is in favor of the Certificate holder, no such notification or information shall be made.

10.3 Single Act Evidence of Practice

In any action brought under these Rules, evidence of the commission of a single act prohibited by this Rule shall be sufficient to justify a penalty, injunction, restraining order, or conviction, respectively, without evidence of a general course of conduct. All actions taken shall be reported in a timely manner to the licensing authorities.

11. Certificate Holder's Working Papers; Clients' Records

1. All statements, records, schedules, working papers, and memoranda made by a Certificate holder, incident to, or in the course of, rendering services to a client in the practice of public accountancy, except the reports submitted by the Certificate holder to the client and except for records that are part of the client's records, shall be and remain the property of the Certificate holder in the absence of an express agreement between the Certificate holder and the client to the contrary. No such statement, record, schedule, working paper, or memorandum shall be sold, transferred, or bequeathed, without the consent of the client or the client's personal representative or assignee. Nothing in this Rule should be construed as prohibiting any temporary transfer of working papers or other materials necessary in the course of carrying out quality reviews or as otherwise interfering with the disclosure of information.
2. A Certificate holder shall furnish to a client or former client, upon request and reasonable notice:
 - 2.1 A copy of the Certificate holder's working papers including records that would ordinarily constitute part of the client's records and are not otherwise available to the client; and

2.2 Any accounting or other records belonging to, or obtained from or on behalf of, the client that the Certificate holder removed from the client's premises or received for the client's account; the Certificate holder may make and retain copies of such documents of the client when they form the basis for work done by the Certificate holder.

Note: Some of the foregoing materials were adapted from the Uniform Accountancy Act of the United States and from the International Federation of Accountants handbook.



CONTINUING PROFESSIONAL EDUCATION

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INTRODUCTION

1. This Guideline sets forth an effective program of continuing professional education (CPE) to maintain and improve the professional competence of accountants and to meet public expectations about the quality of their work.
2. The main issues regarding a CPE program are:
 - address the objectives of CPE; the subject areas that should be viewed as consistent with those objectives; and the extent of the CPE commitment appropriate for professional accountants in public practice, industry, commerce, education and the public service
 - establish the goal of mandatory CPE as a requirement on a worldwide basis
 - explain the necessity of appropriate disciplinary mechanisms to assure compliance with CPE requirements
3. The knowledge needed to function effectively as an accountant in public practice, industry, commerce, education and the public service has expanded and changed at a rapid rate.
4. Significant changes in the environment in which the accountant must operate are frequent and persistent. These include changes in accounting and auditing standards, new legislation and regulation affecting the profession and the people and organizations it serves, increasingly complex tax systems and rules, and the on-going development and greater use of sophisticated financial instruments. These changes have been accompanied by the widespread use of new tools, such as personal computers and related electronic communications systems, the resources on the Internet, and the everyday use of quantitative methods.
5. Not only are accountants faced with increased knowledge requirements, but they and their professional associations are also faced with increased public expectations about the quality of financial statements and of independent audits. Related pressures for disclosure of more information and for greater use of forecasts have had an impact on management accountants and independent auditors alike. In addition, the need to be competitive in a worldwide economy has led to more attention being paid to the role and responsibilities of the management accountant in entities of all types. All of this places a special responsibility on accountants in education. Finally, there is an increasing interest around the world in the public accountability of the business and financial community and that of the governmental sector, and accountants in all occupations have important contributions to make to that process.
6. ACAP has stressed that the maintenance of career-long competence is already a requirement of the profession. (Code of Ethics for Professional Accountants and Auditors of the Republic of Moldova indicates that a professional accountant has “a continuing duty to maintain knowledge and skill at a level required to ensure that a client or employer receives the advantage of competent professional service based on up-to-date developments in practice, legislation and techniques.”)

OBJECTIVES OF THE CPE PROGRAM

7. CPE program of ACAP shall:
 - a) maintain and improve the technical knowledge and professional skills possessed by their members;
 - b) assist members of the profession to apply new techniques, to understand economic developments and evaluate their impact on their clients or employers and on their own work, and to meet changing responsibilities and expectations; and
 - c) provide reasonable assurance to society at large that members of the profession have the

technical knowledge and professional skills required to perform the services they undertake to provide.

Discussion

8. In today's changing and increasingly complex environment, accountants cannot possess the knowledge required to render professional services of a high quality if they do not recognize the need for, and obtain, continuing professional education (CPE) appropriate to their circumstances. Thus, to fulfill their responsibilities to their members and to the public, ACAP is striving to establish and operate an effective CPE program that assists their members in obtaining the CPE they need and provides reasonable assurance to the public that their members can and will perform their work with professional competence.
9. It is not suggested that CPE on its own provides assurance to society at large that all members will provide every professional service with high quality. Doing so involves more than maintaining and updating technical and general knowledge; it involves applying that knowledge with professional judgment and an objective attitude in the real-life situations found in today's environment of socio-economic change. Also, there cannot be complete assurance that every person who participates in a CPE program will obtain the full benefits of that program, because of variances in individual commitment and capability. Nevertheless, it is certain that members who are not up-to-date with current technical and general knowledge applying to their work cannot provide professional services competently. Therefore, notwithstanding the inherent limitations of any CPE program, an effective program of continuing professional education can and should be an important element in preserving the standards of the profession and maintaining public confidence.
10. It is the professional duty of members of any profession not only to maintain professional competence, but also to strive continually to improve their competence. Thus, the objective of a program of CPE established by ACAP is focused on continual improvement, not on maintaining some minimum knowledge level.
11. Maintaining and improving technical knowledge (e.g., knowledge about accounting and auditing standards, taxation matters, budgetary control systems, computer techniques) is an important objective of a program of CPE. However, clients and employers expect accountants to perform their work not only effectively but efficiently, and they often expect accountants to be able to advise them as to the impact of changes in the economic and business environment. Even when that is not the case, accountants must be aware of these matters to perform their work competently. For example, changed circumstances or the desire to improve efficiency may call for the use of new techniques which involve new risks that must be recognized and addressed by the accountant. Similarly, changes in the economic and business environment may affect the judgments and estimates made by the accountant in the process of preparing financial statements as well as the nature, timing and extent of procedures applied by the auditor. For these reasons, a program of CPE established and operated by ACAP is to give appropriate consideration to educational needs that go beyond basic technical knowledge.

APPROPRIATE SUBJECT AREAS

12. CPE should contribute to the professional ability of the individual member and, therefore, acceptable CPE courses or activities should be relevant to the work of the member concerned.
13. Continuing professional education carries a cost to members in terms of both time and money. The vast majority of members, trained in accountancy and schooled in business matters, are not

likely to select CPE activities whose costs are not outweighed or at least balanced by their benefits.

14. Moreover, given the diverse activities in which members of the accountancy profession engage, it would be difficult to define a common CPE curriculum that all members should be required to follow. Any attempt to do so would be likely to result in too rigid an approach and one which might serve as a disincentive to many members. A preferable approach for ACAP is to establish as a general rule that the subjects selected by members should be relevant to the work of the member concerned, and not merely useful in, for example, the personal or financial affairs of the member.
15. In considering whether a CPE course or activity is relevant to the work of a member, ACAP is recognizing the changing nature of the environment and not to inhibit participation in courses simply because they do not bear immediately upon the member's daily work, e.g., programs dealing with social, economic and environmental trends likely to have a future impact upon the work environment of the accountancy profession.

MINIMUM INDIVIDUAL COMMITMENT TO CPE

16. ACAP should establish reasonable norms for the extent of CPE that their members should obtain in the form of structured learning activities.
17. "Structured learning activities" are measurable, verifiable activities that are designed to impart specific technical and general knowledge. Examples would include courses presented by educational institutions, ACAP or employers; individual study programs (correspondence courses, audiotape or videotape packages, computerized learning programs) that require some evidence of successful completion by the member; and participation as a speaker or attendee in conferences, briefing sessions or discussion groups.
18. ACAP demands that each member who is active as an accounting professional should participate in a minimum of 30 hours per year, or a minimum of 90 hours in every three-year period, of structured learning activity on a mandatory basis. (The recommended period of structured learning need not be taken in one block of time. It can also be made up by participation in a number of shorter programs throughout the period.) ACAP recognizes that the effectiveness of CPE is best measured in terms of what has been learned and has no intention to discourage efforts to establish other measurement criteria that can be broadly and cost-effectively applied within the accounting profession.
19. Apart from participation in structured learning activities, there is a continuing need for members of the profession to keep abreast of a wide range of developments affecting their profession, clients and employers. This is done through unstructured learning activities, such as regularly reading professional journals and the financial and business press, discussing current developments with colleagues, accessing relevant data bases on the Internet and other activities.
20. Unstructured learning activities are important to every professional and ACAP believes that any norm for unstructured learning should be an addition to, not a substitute for, the norm set for structured learning. There are several reasons for this, and they are all related to the need to be able to provide reasonable assurance to the public that the objectives of ACAP CPE program are being achieved. First, structured learning activities can be efficiently monitored and measured, while unstructured learning activities cannot. Second, structured learning activities are usually designed to achieve specific learning objectives, while unstructured learning activities are usually general and unplanned in nature. Third, structured learning activities usually depend on

approved instructors and/or instructional materials, while unstructured learning activities depend on the individual accountant.

MANDATORY CPE AS A REQUIREMENT

21. ACAP requires their members to comply with norms established for participation in structured learning activities.
22. Professional accountants have a continuing duty to maintain their professional competence. The importance attached to this duty by a professional body can best be demonstrated if the professional body requires its members to participate in a certain amount of structured learning activities. Such a requirement will be referred to in this guideline as “mandatory CPE”.
23. The case for mandatory CPE now is:
 - The profession must be seen to be taking practical steps to ensure that its members maintain their technical knowledge.
 - Reliance on competition and market forces is unacceptable since it is likely that detection of incompetence or inadequate service will take place only after the damage has been suffered.
 - This is the only way to ensure participation in CPE by accountants whose knowledge is badly out of date and who are unlikely to respond to a voluntary program.
24. Under a voluntary system of CPE, it is entirely at the discretion of each individual as to whether and to what extent he or she participates in structured learning. Such an approach avoids the administrative burden of a system of mandatory CPE. It acknowledges that many members of the profession, recognizing their professional duty and their own self-interest, participate diligently, regularly and voluntarily in CPE with a view to maintaining and improving their technical knowledge. However, it does not deal with those members of the profession who do not now obtain adequate CPE and whose participation in a voluntary program would be desultory, lacking in discipline and not seen as a professional priority. Moreover, a voluntary program is not effective in persuading society at large of the profession’s commitment to continuing professional education and professional competence.
25. Under a system of monitored voluntary CPE, members would have guidance, added motivation, and an agreed norm under which to plan and measure their participation in CPE.
26. A system of mandatory CPE does not, in and of itself, pose administrative burdens substantially different from or greater than those necessitated by a system of monitored voluntary CPE. It does not require members eager to maintain and improve their professional competence to participate in structured learning activities to an extent greater than that which they would be likely to do voluntarily. At the same time, it deals effectively with the problem of the less committed member; it provides reasonable assurance to society at large that members of the profession have the technical knowledge and professional skills required to perform the services they undertake to provide; and it contributes to ACAP’ objective of “the development and enhancement of an accountancy profession with harmonized standards, able to provide services of consistently high quality in the public interest.”

MONITORING CPE

27. In developing their programs of CPE, ACAP should adopt systems which will enable him to monitor effectively the extent to which members are observing their guidelines on CPE.
28. ACAP is setting up its own system for monitoring participation by individual members in structured learning activities and for evaluating the quality of those activities, including setting

up a board or committee under its control that will be charged with those responsibilities.

29. The monitoring of participation in structured learning activities will be done by submission an annual report of CPE activities. Individual reports submitted by a representative sample of the members should be checked against attendance or completion documents provided to the member by the individual or entity responsible for the CPE course or activity. It would be desirable to require these annual reports to identify the specific structured learning activities in which the member has engaged, rather than to accept a simple representation as to compliance with the requirement. This allows the ACAP to skim the reports for overall reasonableness and facilitates checking reports to supporting information.
30. Evaluating the quality of structured learning activities offered to members of the profession at large, and the CPE credit to be granted for participation, can be done by approving the providers of those programs or by approving individual programs. Approving program providers is often more efficient, and would focus on the procedures and controls instituted by the providers to insure that programs are prepared, reviewed and conducted by qualified individuals, that the learning objectives are appropriate for the intended participants and achievable within the time allotted for the program, and that the instructional materials, including case studies, are sufficiently comprehensive and properly designed. Whichever approach is taken, the ACAP should subsequently monitor offerings of actual programs on a test basis. ACAP have a right to expect to be compensated by these providers for the costs incurred in making these evaluations.

RESPONDING TO NONCOMPLIANCE

31. ACAP has established appropriate mechanisms to respond to instances of noncompliance with CPE requirements. Such mechanisms should focus on bringing a member into compliance, but should explicitly provide for disciplinary action when necessary.
32. A system of mandatory CPE will operate effectively and in the public interest only if members who willfully fail to comply with the requirement are brought into compliance on a timely basis or, if they persist in willful noncompliance, promptly disciplined. Accordingly, the monitoring procedures adopted by a ACAP should require timely reporting by the members and should result in effective follow-up by ACAP if noncompliance is not cured by the member within a reasonable established period.
33. The sanctions initially applied for noncompliance should focus on bringing the member into compliance within a reasonable period of time. However, in deciding on the amount of CPE that should be obtained by the member, care should be taken to strike a balance between an amount that is too small (e.g., a sanction that in substance amounts to permitting a member to defer obtaining the CPE he or she should have obtained in the first place) and one that is excessively punitive. Punitive sanctions will be determined by ACAP after consideration of legal and environmental conditions in Moldova. They should be reserved for members who have made it clear through a pattern of noncompliance or through their response to ACAP's inquiries that they are likely to continue to disregard the importance of participation in structured learning activities and of compliance with the requirements of ACAP.
34. Imposing sanctions on colleagues is not an action that should be taken lightly. However, a willful failure to maintain and improve one's professional competence is a violation of a significant professional duty that justifies disciplinary action by ACAP. Moreover, it is unfair to the majority of members who do and will continue to participate in required CPE programs at a cost in time and money to allow others who do not do so to escape any penalty.

CONCLUSION

35. This Guideline has set forth the rules of an effective program of continuing professional education which will assist ACAP members to maintain and improve their professional competence. It has recommended the goal of mandatory CPE, to be earned through participation in structured learning activities.
36. The accounting profession is a dynamic one, operating in an environment of change. Guidelines developed today are unlikely to meet the needs of tomorrow. ACAP is reviewing its CPE arrangements on a regular basis so as to ensure that they accord with the needs of the profession at any particular time.

This program has been adopted during a meeting of the Certification Committee of ACAP on 12 October 2000 and subsequently approved by the Board of Directors of ACAP during its meeting dated 2000

Philip R. Meerloo
Director

Alexei Musteata
Co-Director



TRAINING COURSES AND SEMINARS

for the **1999 – 2000 Program** of the

Association of Professional Accountants and Auditors of the Republic of
Moldova
(*founded in 1996*)

???? members are given 10 - 20% discounts off the training fee

IFAC ASSOCIATE MEMBER
(since June, 1998)



INTERNATIONAL FEDERATION OF ACCOUNTANTS

Chisinau
October 1999

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1. ? ? ? ? Training Courses and Seminars: General Information

? ? ? ? has conducted **training** in the fields of accounting, taxation, auditing, National Accounting Standards, as well as other business-related subjects, since **1996**.

Courses and seminars are taught by highly **experienced instructors** working for ? ? ? ?. They are practicing accountants and auditors, and understand the professional challenges you face every day.

Individualized attention is enhanced by our limited class size (from 15 to 25 students). During classes students are encouraged to ask questions and discuss their work problems with fellow participants.

Most courses and seminars are completely **practice-oriented**.

Course participants are provided with **methodological materials**, developed by leading Moldovan specialists in the field of accounting and auditing. The cost of all training materials is included in the course fee.

Courses are conducted in Chisinau and all the regions of the Republic. We provide **on-site customized training** at your request.

Based on the results of testing, participants receive an **ACAP certificate**.

Classes are conducted in the morning and in the evening **depending on the needs of our customers**.

2. How to Register

By telephone:

????, Chisinau 27 36 96, 27 26 02

???? Chapter in Balti (231) 2 30 04

???? Chapter in Briceni (247) 2 24 72

???? Chapter in Vulcanesti (253) 2 44 82

???? Chapter in Drochia (252) 2 42 03

???? Chapter in ?raclia (274) 2 43 07

???? Chapter in Ungheni (236) 2 20 91

By fax:

27 26 02

(Please fill in the registration application on the last page of the catalogue)

By e-mail:

acap@moldnet.md

By web-site:

<http://acap.ngo.moldnet.md>

(Please visit our home page and fill in the registration application)

By mail:

(Please fill in the registration application on the last page of the catalogue)

**MD-2001, Chisinau
Blvd. Stefan cel Mare 67
offices 408, 409, 412**

3. Payment Methods and Discounts

Payment Methods – in cash or via bank transfer. Make a note in the payment order: “without VAT” (the courses are exempted from VAT).

Bank Requisites:
R , s/a 225100000100748 at
“Victoriabank” Bank Code 280101701
Fiscal Code 1019610

ATTENTION!!!

members are given **discounts** from **10 t? 20%** off the training fee for all courses and seminars.

Any ACAP member can sign an agreement with the Association on the **organization** of courses and will receive **18 lei** for each person he or she enrolls in an ACAP course.

Enroll one or more people in the same ACAP course and you will receive a **discount** (we’ll deduct **20 lei** from your invoice for each person you have enrolled).

4. On-Site Customized Training

???? can bring any of our courses to your work site in Chisinau and other regions of Moldova.

What benefits does ACAP offer you?

- ***Personalized presentations*** ???? instructors have the experience and skills to develop a course that speaks to the unique issues affecting your organization.
- ***Savings on work time*** You will be able to use your work time efficiently by saving time on travel.
- ***Convenient scheduling*** ???? instructors will be travelling to your enterprise whenever it is convenient for you

What is necessary in order to obtain on-site customized training?

- Step 1*** Call the ACAP Manager of Training at: 27 36 96 and identify the subjects or areas in which your enterprise specialists want to obtain training
- Step 2*** ???? specialists will then design the course and develop training materials
- Step 3*** ???? will then discuss the course with the enterprise and agree on it
- Step 4*** ???? will then calculate the course budget, draft a contract and discuss them with the enterprise
- Step 5*** ???? will then sign the contract with the enterprise
- Step 6*** The enterprise then pays the course fees
- Step 7*** ???? instructors conduct the course at the enterprise in accordance with the program and within the terms stipulated in the contract
- Step 8*** The enterprise evaluates the course and training materials

As a rule, it takes ACAP about 2 weeks to organize on-site customized training.

5. 1. Principles of Accounting and Taxation in the Republic of Moldova

Instructors: ? . Blagorazumnaia, V. Fedorenco L. Gavriiliuc,
L. Grabarovschi, ? . ? ulikovskaia, ? . Nederita, V. Paladi, ? . Prisacar, L. Skakunova, N. Stratulat, V.
Turcanu, I. Zaharcenco

Dates – open enrollment	Fee - 520 lei, For ? ? ? ? members – 480 lei
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The course is designed for 150 academic hours.

The content includes:

1. Basic accounting principles - 32 academic hours
2. Financial accounting - 32 academic hours
3. Preparation and analysis of financial statements - 24 academic hours
4. Tax legislation of the Republic of Moldova - 24 academic hours
5. Financial accounting for income tax - 20 academic hours
6. Managerial accounting - 16 academic hours
7. Professional ethics of accountants and auditors - 2 academic hours

Participants will be provided with the following training materials:

1. “Financial Accounting Case Study”. Authors: L. Grabarovschi,
V. Paladi, ? . Prisacar, I. Zaharcenco
2. A set of normative documents “Tax Code of the Republic of Moldova. Sections I and II”.
Authors: T. Prisacar, I. Zaharcenco
3. A set of normative documents “Value Added Tax”. Author: ? . Cebanu
4. Other materials

5. 2. Procedures for Preparation of the Annual Financial Statements, VAT, and Income Tax Declarations

Instructors: O. Blagorazumnaia, V. Fedorenco, L. Gavriliuc,
A. Kulikovskaia, A. Nederita, V. Paladi, T. Prisacar, N. Stratulat,
V. Turcanu, I. Zaharcenco,

Dates – open enrollment	Fee - 250 lei, for ACAP members – 200 lei
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The course is designed for 40 academic hours.

The content includes:

1. Structure and general characteristics of financial statements
2. Preparation for the annual financial statements, annexes to the annual financial statements, preparation of the explanatory note to the annual financial statements
3. Accounting for income tax based on NAS 12
4. Procedure for preparation of income tax declaration
5. VAT, methodology of VAT calculation, procedure for the preparation of VAT declaration

Participants will receive a training handout: “Preparation of the Annexes to Financial Statements, VAT and Income Tax Declarations”.

Authors: A. Nederita, S. Poberejnic, T. Prisacar, ? . Sandu, N. Tiriulinicova, N. Zlatina

5.3. Financial Statement ? nalysis

Instructors: *O. Blagorazumnaia , V. Fedorenco, L. Gavriiliuc,
A. Kulikovskaia, V. Paladi.*

<i>Dates</i> – open enrollment	<i>Fee</i> – 75 lei, <i>for ACAP members</i> – 60 lei
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The course is designed for 5 academic hours.

The content includes:

1. Analysis of enterprise solvency and liquidity
2. Analysis of assets and capital turnover
3. Analysis of profitability
4. Analysis of cash flows
5. Analysis of financial statements

Participants will be provided with a handbook on the analysis of financial statements elaborated on the basis of the book “How to Read Financial Statements” by ? ril Lynch and adapted to the requirements of the accounting system adopted on January 1, 1998.

5. 4. Specific Features of Accounting and Taxation in Trade Enterprises

Instructors: *T. Prisacar, N. Stratulat, I. Zaharcenco*

Dates – <i>open enrollment</i>	Fee – <i>250 lei, for ACAP members – 200 lei</i>
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The course is designed for 40 academic hours.

The content includes:

1. Procedure for calculation of wholesale and retail prices
2. Methods of retail sale and variants of their use
3. Accounting for costs and expenses in trade
4. Accounting for VAT and excises
5. Withholding of income tax from payees
6. Calculation of income tax

Participants will be provided with the following training materials:

1. “Specific Features of Trade Accounting”. Author: N. Stratulat
2. “Specific Features of Accounting for VAT in 1999”.
Authors: T Prisacar, I. Zaharcenco
3. Other materials

5. 5. Specific Features of Accounting and Taxation in Non-Profit Organizations

Instructors: *V. Fedorenco, A. Kulikovskaia, T. Prisacar, I. Zaharcenco*

<i>Dates – open enrollment</i>	<i>Fee – 150 lei, for ACAP members – 120 lei</i>
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The course is designed for 20 academic hours.

The content includes:

1. Notion of non-profit organizations, types of non-profit organizations
2. Legal basis and regulatory activity of non-profit organizations
3. Specific features of accounting for non-profit organizations
4. Specific features of taxation in non-profit organizations

Participants will receive a training handout on specific features of accounting and taxation in non-profit organizations developed by T. Prisacar and I. Zaharcenco.

5. 6. Specific Features of Accounting and Taxation in Individual Enterprises

Instructors: ? . Blagorazumnaia, V. Fedorenco, A. Kulikovskaia

Dates – open enrollment	Fee – 150 lei, for ACAP members – 120 lei
--------------------------------	--

The course is designed for 20 academic hours.

The content includes:

1. Specific features of accounting in individual enterprises
2. Specific features of calculating taxable income and deductions in individual enterprises
3. Specific features of calculating payments to social insurance
4. Procedure for calculating VAT

Participants will be provided with the following training materials:

1. A set of normative documents “Value Added Tax”.
Author: ? . Cebanu
2. “Specific Features of Accounting for VAT in 1999”.
Authors: T Prisacar, I. Zaharcenco
3. Other materials

5. 7. Practical Recommendations on Accounting for Construction Contracts (NAS 11)

Instructor: V. Bucur, ? . Graur

<i>Dates – open enrollment</i>	<i>Fee – 65 lei, for ACAP members – 55 lei</i>
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The course is designed for 4 academic hours.

The content includes:

1. Notion and classification of construction contracts
2. Calculation of construction income
3. Calculation of construction costs and expenses
4. Recognition of construction income and expenses

Participants will receive a training handout on accounting for construction contracts developed by V. Bucur and ? . Graur.

5. 8. Practical Recommendations on Accounting for Intangible Assets (NAS 13)

Instructors: O. Blagorazumnaia, V. Bucur, V. Fedorenco, A. Kulikovskaia

<i>Dates – open enrollment</i>	<i>Fee – 75 lei, for ACAP members – 60 lei</i>
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The course is designed for 5 academic hours.

The content includes:

1. Notion of intangible assets
2. Accounting for intangible assets

Participants will receive a training handout on accounting for intangible assets developed by V. Bucur.

5. 9. Practical Recommendations on Accounting for Leases (NAS 17)

Instructor: ? . Nederita

<i>Dates – open enrollment</i>	<i>Fee – 90 lei, for ACAP members – 75 lei</i>
---------------------------------------	---

The course is designed for 10 academic hours.

The content includes:

1. Classification of leases: long-term financial lease, operating leases, leasing
2. Accounting for leases by lessor
3. Accounting for leases by lessee

Participants will receive a training handout on accounting for leases developed by ? . Nederita.

5. 10. Practical Recommendations on Accounting for the Effects of Changes in Foreign Exchange Rates (NAS 21)

Instructors: ? . Blagorazumnaia, L. Grabarovschi

Dates – open enrollment	Fee – 75 lei, for ACAP members – 60 lei
--------------------------------	--

The course is designed for 5 academic hours.

The content includes:

1. Accounting for exchange differences resulting from export-import transactions
2. Exchange differences resulting from export-import transactions
3. Exchange differences resulting from barter operations
4. Accounting for exchange differences resulting from severe currency fluctuations where no hedging treatment exists

Participants will be provided with the following training handouts:

- on accounting for the exchange differences resulting from export-import transactions developed by S. Poberejnic, and
- on accounting for current foreign exchange operations developed by L. Grabarovschi.

5. 11. Practical Recommendations on Accounting for the Related Parties Disclosures (NAS 24)

Instructor: N. Stratulat

<i>Dates – open enrollment</i>	<i>Fee – 75 lei, for ACAP members – 60 lei</i>
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The course is designed for 5 academic hours.

The content includes:

1. Notion of related parties
2. Specific features of the evaluation of assets and liabilities of related parties
3. Specific features of accounting in related enterprises
4. Related parties disclosures

Participants will receive a training handout on accounting for the related parties disclosures developed by N. Stratulat.

5.12. Practical Recommendations on the Implementation of the Tax Legislation of the Republic of Moldova

Instructors: *O. Blagorazumnaia, I. Zaharcenco, V. Paladi, T. Prisacar, N. Stratulat, V. Fedorencu*

Dates – open enrollment	Fee – 250 lei, <i>for ACAP members – 200 lei</i>
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The course is designed for 40 academic hours.

The content includes:

1. Normative acts on tax, and the Tax Code of the Republic of Moldova
2. Value added tax: procedure for calculation, and preparation of working papers
3. Calculation and accounting for VAT, preparation of VAT declaration
4. Income tax from legal entities and individuals
4. Withholding of income tax from payees
5. Procedure for preparation of income tax declaration
6. Procedure for calculating local taxes

Participants will be provided with the following training materials:

1. “Tax Code of the Republic of Moldova. Sections I and II”. Authors: I. Zaharcenco, T. Prisacar
2. “Value Added Tax”. Author: ? . Cebanu
3. Other materials

5.13. Computer Skills (Windows 95, Word 97, Excel 97) Accounting Software (Program 1C: Accounting 7.7.)

Instructors: V. Negura, A. Kulikovskaia, V. Hirciiala

<i>Dates – open enrollment</i>	<i>Fee – 600 lei, for ACAP members – 480 lei</i>
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The course is designed for 60 academic hours.

The content includes:

1. Computer skills (Windows 95, Word 97, Excel 97) – 20 academic hours
2. Accounting Software (Program 1C: Accounting 7.7.)– 40 academic hours

Participants will study the accounting cycle – from the registration of an enterprise and formation of the statutory capital to the presentation of financial statement disclosures and the analysis of the results of the economic activity -based on the computerization of all processes.

Participants will be provided with a training handout: “Accounting Software (Program 1C: Accounting 7.7.)”. Authors: V. Hirciiala, A. Kulikovskaia

5.14. Essence and Importance of the Accounting System for Enterprise Managers

Instructors: *L. Gavriluc, A. Nederita, V. Paladi, T. Prisacar, N. Stratulat,
I. Zaharcenco*

<i>Dates – open enrollment</i>	<i>Fee – 90 lei, for ACAP members – 75 lei</i>
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The seminar is designed for 10 academic hours:

The content includes:

1. General characteristics of the new accounting system
2. Procedure for developing and disclosing enterprise accounting policies
3. General characteristics and procedure for presentation of financial statements
4. Procedure for calculating VAT and income tax
5. Analysis of the enterprise financial position

Participants will be provided with the following training materials:

1. “The New Accounting System. Handbook for Enterprise Managers”. Authors: Ken MacLeod, V. Axentiuk
2. “The New Accounting and Taxation System for Enterprise Managers”. Authors: T. Prisacar, I. Zaharcenco

5.15. Introduction to Internal and External Audit

Instructor: A. Kulikovskaia

<i>Dates</i> – open enrollment	<i>Fee</i> – 250 lei, <i>for ACAP members – 200 lei</i>
---------------------------------------	---

The course is designed for 40 academic hours.

The content includes:

1. The Law of the Republic of Moldova on Audit, generally accepted audit standards
2. The essence of audit, audit cycles and methods
3. Professional ethics of the auditor
4. Working papers
5. Audit and electronic data processing
6. The auditor's report, and the auditor's opinion

Participants will be provided with a training handout: "Audit". Author:
A. Kulikovskaia

5. 16. Courses ? ? ? ? is Planning to Conduct in the Near Future:

- Specific Features of Accounting and Taxation in Agriculture
- Specific Features of Accounting and Taxation in Government Organizations
- Introduction to Business Law
- Preparatory Courses for ? ertification Examination of Accountants and Auditors
- Continuing Professional Education Courses,
- Introduction to Business English, etc.

For information and proposals call

**ACAP Manager of Training
Ludmila Sviridov**

27 36 96

6. ? ? ? ? Instructors

1. Blagorazumnaia, Olga

Engineer-economist. Doctor of Economics. *Professional activity:* Teacher at the Technical University of Moldova, teacher of the courses for the re-qualification of accountants, chief accountant of a commercial company. *Current Employment:* Assistant Professor of the Faculty of Management of the Independent University of Moldova. ACAP Board of Directors member, Chairman of the Training and Education Committee.

2. Bucur, Vasile

Accountant-economist. Doctor of Economics. *Professional activity:* Teacher at the Academy of Economic Studies of Moldova, teacher of the courses for the re-qualification of accountants. *Current Employment:* Assistant Professor of the Accounting and Audit Department of the Academy of Economic Studies of Moldova, Deputy Editor-in Chief of the magazine “Accounting and Audit”, member of the Working Committee on NAS Elaboration.

3. Fedorencu, Valentina

Engineer-economist. Doctor of Economics. *Professional activity:* Teacher at the Technical University of Moldova, chief accountant of a commercial company, teacher of the courses for the re-qualification of accountants. *Current Employment:* Assistant Professor of the Department of Economics and Industrial Management of the Technical University of Moldova. ACAP Board of Directors member.

4. Gavriluc, Ludmila

Engineer-economist. Doctor of Economics. *Professional activity:* Teacher at the Academy of Economic Studies of Moldova, teacher of the courses for the re-qualification of accountants. *Current Employment:* Assistant Professor of the Department of Analysis of Financial and Economic Activity of the Academy of Economic Studies of Moldova, member of the Working Committee on NAS Elaboration.

5. Grabarovschi, Ludmila

Accountant. Doctor of Economics. *Professional activity:* Teacher at the Academy of Economic Studies of Moldova, teacher of the courses for the re-qualification of accountants. *Current Employment:* Assistant Professor of the Accounting and Audit Department of the Academy of Economic Studies of Moldova, member of the Working Committee on NAS Elaboration.

6. ? ulikovskaia, Alla

Engineer-economist. *Professional activity:* Auditor, teacher of the courses for the re-qualification of accountants. The first ACAP teacher. *Current Employment:* Director of the audit company “ALKONT”. ACAP Board of Directors member, Chairman of the Finance Committee.

7. Nederita, Alexandru

Accountant. Doctor of Economics. *Professional activity:* Teacher at the Academy of Economic Studies of Moldova, advisor to the “Moldovan Accounting Reform Project”, Chairman of the Methodological Council on Accounting of the Ministry of Finance of the Republic of Moldova, teacher of the courses for the re-qualification of accountants. *Current Employment:* Assistant Professor of the Department of Accounting and Audit of the Academy of Economic Studies of

Moldova, consultant of the Working Committee on NAS Elaboration. ACAP Board of Directors member, Chairman of the Standards and Legal Issues Committee.

8. Negura, Valentin

Engineer. Doctor of Technical Studies. *Professional activity:* Teacher at the Technical University of Moldova. *Current Employment:* Assistant Professor of the Department of Computers, the Technical University of Moldova.

9. Paladi, Valentina

Accountant-economist. Doctor of Economics. *Professional activity:* Teacher at the Academy of Economic Studies of Moldova. *Current Employment:* Assistant Professor of the Department of Analysis of Financial and Economic Activity of the Academy of Economic Studies of Moldova, member of the Working Committee on NAS Elaboration.

10. Prisacar, Tatiana

Economist. *Professional activity:* Accountant-economist, chief inspector of the State Tax Inspection Service of Chisinau, teacher of the Accounting and Audit Department of the Academy of Economic Studies of Moldova, teacher of the courses for the re-qualification of accountants. *Current Employment:* Consultant of the audit company «Audit-Atlant», member of the Working Committee on NAS Elaboration.

11. Skakunova, Ludmila

Engineer-economist. *Professional activity:* Chief accountant, teacher of the courses for the re-qualification of accountants. *Current Employment:* Teacher of accounting in “Agat-L” Ltd.

12. Stratulat, Natalia

Accountant-economist. *Professional activity:* Teacher at the Academy of Economic Studies of Moldova, chief accountant, teacher of the courses for the re-qualification of accountants. *Current Employment:* Member of the Working Committee on NAS Elaboration.

13. Turcanu, Viorel

Accountant-economist. Doctor Habilitat of Economics. *Professional activity:* Teacher at the Academy of Economic Studies of Moldova, member of the Coordination Council on Accounting of the CIS Countries, member of the Methodological Council on Accounting of the Ministry of Finance of the Republic of Moldova. *Current Employment:* Chair of the Accounting Department of the Academy of Economic Studies of Moldova, Professor. Chairman of ACAP Board of Directors.

14. Zaharcenco, Irina

Economist. *Professional activity:* Chief accountant, financial director, teacher of the courses for the re-qualification of accountants. *Current Employment:* Teacher of the Accounting and Audit Department of the Academy of Economic Studies of Moldova, member of the Working Committee on NAS Elaboration.

AND OTHERS...

7. ? ? ? ? Offers You Literature on Accounting

- 1. The New Accounting System for Business Entities of the Republic of Moldova. Vol. 1:** *in Russian and Romanian*
Price - 45 lei, for ACAP members - 35 lei
Authors: A. Nederita, V. Bucur, M. Caraus, M. Cebanu, R. Evsiukov, L. Grabarovschi, A. Graur, S. Poberejnic, M. Selaru, N. Tiriulinicova, N. Zlatina. Executive Editor – A. Nederita, Doctor in Economics. Chisinau, ACAP, 1998
- 2. The New Accounting System for Business Entities of the Republic of Moldova, vol. 2:** *in Russian and Romanian*
Price - 60 lei, for ACAP members - 45 lei
Authors: A. Nederita, I. Zaharcenco, N. Zlatina, M. Manoli, S. Poberejnic, T. Prisacar, A. Sandu, N. Tiriulinicova, M. Selaru. Executive Editor - A. Nederita, Doctor in Economics. Chisinau, ACAP, 1999
- 3. Financial Accounting (manual):** *in Romanian*
Price – 45 lei, for ? ? ? ? members– 30 lei
Authors: ?. Nederita, V. Bucur, ?. Caraus, R. Evsiukov, L. Grabarovschi, A. Graur, S. Poberejnic, ?. Sandu, ?. Selaru, N. Tiriulinicova, V. Turcanu, N. Zlatina. Executive Editor - A. Nederita, Doctor in Economics. Chisinau, ? ? ? ?, 1999

*You can get the full list of the literature offered for sale at the
ACAP Address:*

**67 Stefan cel Mare Blvd.
Offices 401, 408, 409, 412
MD-2001, Chisinau, Republic of Moldova
Tel.: 27 36 96, 27 06 74, tel./fax: 27 26 02
e-mail: acap@moldnet.md
web-site: <http://acap.ngo.moldnet.md>**

8. Course Registration Application

Family Name	
First Name	
Organization	
Office Telephone	
Home Telephone	
E-Mail Address	
Course/Seminar Name	
Preferable Dates and Time	
<p>DISCOUNTS Enroll one or more people in the same ACAP course and you will receive a discount (we'll deduct 20 lei from your invoice for each person enrolled).</p>	
<i>Additional Student's Name</i>	
<i>Additional Student's Office and Home Telephone</i>	
<i>Additional Student's Name</i>	
<i>Additional Student's Office and Home Telephone</i>	
<i>Additional Student's Name</i>	
<i>Additional Student's Office and Home Telephone</i>	
<i>Additional Student's Name</i>	
<i>Additional Student's Office and Home Telephone</i>	



Please fill in the registration application, cut it out and send it to ACAP by mail, fax, e-mail or internet:

67 Stefan cel Mare Blvd.
MD-2001, Chisinau, ? ? ? ?
fax 27 26 02
e-mail: acap@moldnet.md.
web-site: <http://acap.ngo.moldnet.md>

Attachment 5
MARP Final Report
March 16, 1998 –
December 31, 2000

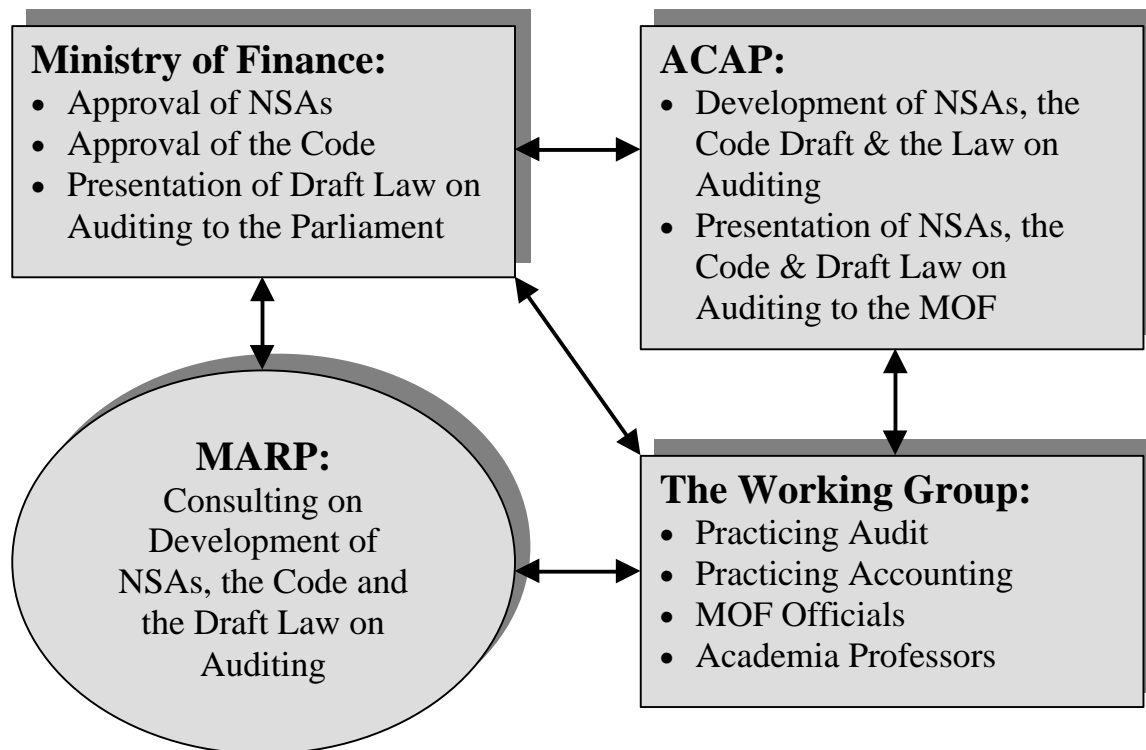
LAW ON AUDIT

(MARF proposed draft as of May 2000)

- **Proposed by MARF in May 2000**
- **Reviewed by MoF Working Group on NSA and Code of Ethics development in June, 2000**
- **Approved by MoF Collegium at June 29, 2000, (minutes #12/3)**
- **Distributed and reviewed by the Ministries, Departments, National Bank and State Security Market Commission in July - August, 2000**
- **Submitted to the Government in September, 2000**
- **Reviewed and approved by the Government in November, 2000**

The NSA, Code of Professional Conduct and Law on Audit Development Process

- Joint effort by MOF, MARP, ACAP audit practitioners, accountancy academia
- The Working Group on the Development of NSA created under the auspices of MOF
- NSAs and the Code of Professional Conduct are published in the Monitorul Oficial Government Newspaper
- ACAP automatically adopts NSAs and the Code



LAW ON AUDIT

CHAPTER I GENERAL PROVISIONS

Article 1. Scope of the Law

The law determines legal, economic and organizational bases of audit activities in the Republic of Moldova

Provisions of this law are valid in the Republic of Moldova and apply to all economic entities irrespective of their legal and organizational form, type of property and type of activity.

Article 2. Basic Definitions

In this law the following expressions are used:

Audit means an independent examination of financial statements and/or related financial information of an enterprise in order to express professional opinion of an auditor on conformity of the financial statements and/or information to the established criteria.

Audit object means financial statements of an enterprise and related financial information subject to an audit.

Audit activities mean practical auditing and rendering related services envisioned in this law.

Auditor means an individual that meets qualification requirements set by legislation and has an auditor's qualification certificate.

Audit Organization means an economic entity that has a license granting the right to perform audit activities.

Auditor's Qualification Certificate means a document issued to an auditor by the Ministry of Finance that confirms qualification of an auditor.

Audit Engagement Contract means a contract, which documents and confirms a mutual agreement of the parties to perform an audit and establishes the objective and the scope of the audit, responsibilities of the parties, and the form of auditor's reports.

Economic Entity is an individual or a legal entity, including a parent enterprise or a subsidiary, regardless of the fact whether their activities are commercial or non-profit.

Article 3. Audit Legislation

- (1) The audit activities are regulated by this law and other legislative acts of the Republic of Moldova.

Article 4. Audit Organization

- (1) An audit organization carries out its activity in accordance with law of the Republic of Moldova, National Standards on Auditing and Code of Professional Conduct of Accountants and Auditors.
- (2) Audit organizations may be established in any organizational and legal forms, except for open joint-stock companies. Total share of shareholders, which are not auditors or audit organizations, should not exceed 25% of the statutory capital of an audit organization.
- (3) The head and the majority of the Board of Directors of an audit organization shall be auditors.

Article 5. Services Provided by an Audit Organization

- (1) In accordance with National Standards on Audit and Code of Professional Conduct, an audit organization in addition to an audit may provide related services, which include:
 - a) reviews;
 - b) agreed-upon procedures;
 - c) compilations.
- (2) Within its competence and the current legislation an audit organization in addition to an audit and related services may provide other services, which include:
 - (a) informational, consulting and law services on tax and business law;
 - (b) consulting and educational services on audit, accounting, and taxation;
 - (c) expertise and valuation of financial and economic activities of economic entities;
 - (d) organization, reestablishment and maintenance of accounting, including in CIS environment;
 - (e) economic entities appraisal;
 - (f) preparation of tax returns.

Article 6. Types of Audit

- (1) The audit is performed by auditors on the basis of an audit engagement contract signed between an economic entity and an audit organization.
- (2) Employees of an audit organization who are not auditors can be involved in performance of an audit.
- (3) The audit can be initiative or compulsory:
 - (a) The initiative audit is performed on the initiative of an economic entity.
 - (b) The compulsory audit is performed in situations stipulated by current legislation.

CHAPTER 2 REGULATION OF AUDIT ACTIVITIES

Article 7. Government Regulation of Audit Activities

- (1) Government regulation of audit activities implies:
 - (a) proving legal framework for audit activities;
 - (b) certification of auditors;
 - (c) licensing of audit activities.
- (2) The Ministry of Finance regulates audit activities.

- (3) Competence of the Ministry of Finance includes:
- (a) development and approval of National Standards on Auditing and Code of Professional Conduct of Accountants and Auditors;
 - (b) development and approval of the Regulations on Auditors' Certification, carrying out of auditors' certification, issuance, suspension and revocation of auditors' qualification certificates;
 - (c) development and approval of the Regulations on Licensing of Audit Activities, issuance, suspension and revocation of audit organizations' licenses;
 - (d) creation of a system of continuous professional education of certified auditors; certification of organizations providing continuous professional education of auditors;
 - (e) introduction of a uniform National Register of Auditors and Audit Organizations.

Article 8. National Standards on Auditing and Code of Professional Conduct of Accountants and Auditors

- (1) National Standards on Auditing and Code of Professional Conduct of Accountants and Auditors are developed and maintained in accordance with International Standards of Auditing and Code of Ethics of Certified Accountants approved by the International Federation of Accountants (IFAC).
- (2) When there are no appropriate National Standards on Auditing, it is recommended to apply appropriate International Standards on Auditing adopted by the IFAC and recommended for application by the Ministry of Finance.

Article 9. Auditors' Certification

- (1) The Auditors' Certification is carried out by examining an applicant for the rank of auditor. The examination consists of written and oral parts and should include the following subjects at least:
 - Audit,
 - Accounting,
 - Taxation, and
 - Business Law.
- (2) The procedure and program of the certification examination should be approved by the Ministry of Finance.
- (3) The certification examination can be taken by an individual who has citizenship of Moldova or a foreign country, or no citizenship, and who meets the requirements of section (4) of this article and has no criminal record.
- (4) The applicant should have:
 - (a) higher education in the area of economics or law confirmed by a diploma issued by a higher educational institution of the Republic of Moldova or other country provided that this diploma is in accordance with the equivalent standards.
 - (b) operational experience in specialty not less than 3 years, including in the area of audit under the direction of an auditor not less than 2 years.
- (5) The validity of the auditor's certificate shall not be limited if qualifications are maintained in accordance with requirements of continuous professional education.
- (6) The procedure of auditors' certification, issue, suspension and revocation of the Qualification Certificate, as well as requirements of continuous professional education shall be established by the Regulation on Auditors' Certification.

Article 10. Licensing of Audit Activity

- (1) Audit organizations including foreign ones and those with foreign capital shall have the right to perform audit activities in the Republic of Moldova only if they have a license for performing audit activities.
- (2) The Ministry of Finance, in accordance with the law on licensing of certain types of activities, issues an audit organization with a license for performing audit activities. The Ministry of Finance has the right to suspend or revoke the license in accordance with provisions of this law and the law on licensing of certain types of activities.
- (3) Procedures for issuing, suspending and revoking licenses are regulated by the Regulation on Licensing Audit Activities prepared in conformity with the requirements of the current law and law on licensing of certain types of activities.

Article 11. The Audit Activities Control Committee under the Ministry of Finance

- (1) The Audit Activities Control Committee under the Ministry of Finance shall be formed of the representatives of the Ministry of Finance, the National Bank of Moldova, the National Committee on Securities, higher educational institutions, and professional bodies of auditors. The Government of the Republic of Moldova shall approve the membership of the Committee.
- (2) Competence of the Audit Activities Control Committee includes control over the compliance of audit organizations and auditors with the requirements of:
 - (a) current legislation in the area of audit activities;
 - (b) National Standards on Auditing;
 - (c) Code of Professional Conduct of Accountants and Auditors.
- (3) The Audit Control Committee has the right to make proposals on revocation or suspension of audit organizations' licenses and auditors' qualification certificates.

Article 12. Responsibilities of an Audit Organization and an Auditor at Performing Audit Activities

- (1) An audit organization is responsible for compliance with:
 - (a) the requirements of this law;
 - (b) the requirements of National Standards on Auditing;
 - (c) Code of Professional Conduct of Accountants and Auditors;
 - (d) terms and conditions of an audit engagement contract in accordance with current legislation of the Republic of Moldova.
- (2) An auditor is responsible for compliance with the requirements of:
 - (a) National Standards on Auditing;
 - (b) Code of Professional Conduct of Accountants and Auditors.

Article 13. Sanctions Imposed on Auditors

- (1) The following measures of disciplinary liability can be imposed on auditors for violation of the requirements of this law, National Standards on Auditing, Code of Professional Conduct of Accountants and Auditors:
 - a) notice;
 - b) suspension of an auditor's qualification certificate for 6-12 months;
 - c) revocation of an auditor's qualification certificate.

- (2) When imposing extra-legal penalty, the degree of violation and previous activities of an auditor should be taken into consideration.
- (3) Penalties shall be imposed by the Ministry of Finance at a proposal of the Audit Activities Control Committee.
- (4) An auditor has the right to appeal against sanctions imposed on him/her by legal institutions according to Section (1) of this Article.

Article 14. Responsibilities of an Economic Entity under Audit

The economic entity whose financial statements are subject to an audit bears responsibility for reliability of the financial statements and other information presented and for compliance with terms and conditions of an audit engagement contract in accordance with legislation of the Republic of Moldova.

Article 15. Settlement of Disputes

Disputes arising between the parties of an audit engagement contract shall be settled in legal form established by current legislation.

Article 16. Closing and Transitional Provisions

- (1) The law comes into effect on the date of its publication.
- (2) The provision of Section (5), Article 9, of this law comes into effect on January 1, 2004.
- (3) Within three month period the government should:
 - (a) present to the Parliament proposals on adjusting legislation acts to this law;
 - (b) adjust regulations to this law;
 - (c) approve the Regulation on the Auditing Activity Control Committee under the Ministry of Finance and its membership.
- (4) Within two month period the Ministry of Finance should develop and present for approval of the Government: a) Regulations on the Audit Activities Control Committee and its membership, b) Regulation on Licensing Audit Activities; c) Regulation on Auditors' Certification..
- (5) The audit organizations operating on the effective date of this law should adjust their foundation documents to this law within a year since the effective date of the law.
- (6) To establish that the current regulations regulating the licensing procedure of audit activities are applied in the part, which does not contradict this law.
 Licenses for performing audit activities issued by the Ministry of Finance before enactment of this law shall be valid for the whole period stipulated in them.
 Auditors' qualification certificates issued by the Ministry of Finance before enactment of this law shall be valid for the whole period stipulated in them and may be replaced by permanent certificates, should the auditor meet the requirements of Section (5), Article 9 of this law.
- (7) To establish that the Law on Audit Activities of the Republic of Moldova, # 729-XIII, as of February 15, 1996 (Monitorul Oficial, April 4, # 20-21, p.I, art. 214), Article XII of the Law on Change and Adjustment of Some Regulations #1009-XIII, as of October 22, 1996 (Monitorul Oficial, 1996, #80, art.757); Articles I and IV of the Law on Change and Adjustment of Some Regulations # 902-XIV, as of March 23, 2000 (Monitorul Oficial, March 31, # 35-36, , art. 243,) has lost its validity.

THE CHAIRMAN OF PARLIAMENT

DUMITRU DIACOV

Attachment 6
MARP Final Report
March 16, 1998 –
December 31, 2000

Public Education

Contents:

- 1. “ACCOUNTING AND AUDITING” MAGAZINE BRIEF DESCRIPTION**
- 2. ARTICLES ON ACCOUNTING, TAXATION AND AUDITING ISSUES, PUBLISHED BY MARP SENIORS ACCOUNTANTS IN “CONTABILITATE SI AUDIT” MAGAZINE DURING 1998–2000**
- 3. ARTICLE ON PROMOTION OF THE ACAP PROFESSIONAL CERTIFIED ACCOUNTANT**
- 4. A SAMPLE OF THE FIRST CERTIFICATE ISSUED TO THE FIRST ACAP PROFESSIONAL CERTIFIED ACCOUNTANT**
- 5. ADVERTISEMENT OF THE BOOK “THE NEW ACCOUNTING SYSTEM FOR THE ECONOMIC ENTITIES OF THE REPUBLIC OF MOLDOVA”, VOLUME II**
- 6. ADVERTISEMENT OF THE PRACTICE GUIDE “MANAGERIAL ACCOUNTING”**
- 7. MANAGERIAL ACCOUNTING SEMINARS PROMOTION ARTICLE BY M.B. NEIDER: MANAGERIAL ACCOUNTING AS IMPORTANT STEP OF ACCOUNTING REFORM IN MOLDOVA**
- 8. ADVERTISEMENT OF THE MANUAL FOR THE STUDENTS “FINANCIAL ACCOUNTING”**
- 9. ANNOUNCEMENT OF ACAP ANNUAL GENERAL MEETING HELD ON MAY 20, 2000**
- 10. ACAP’S MISSION IN THE REPUBLIC OF MOLDOVA**
- 11. ANNOUNCEMENT OF THE FIRST NATIONAL CONFERENCE OF MOLDOVAN CERTIFIED ACCOUNTANTS AND AUDITORS HELD ON FEBRUARY 27, 1999**
- 12. ANNOUNCEMENT CONCERNING CERTIFICATION EXAMINATION**
- 13. ACAP: COMMENTARIES, CONSULTING, ANSWERS ON QUESTIONS (PP.28 – 37) ADVERTISEMENT ON ACAP ACTIVITIES**
- 14. ARTICLE OF MR. M.CARAUS (CHAIRMAN OF ACAP’S BOARD OF DIRECTORS) “ABOUT ACAP’S ACTIVITY DURING 1997 AND ITS OBJECTIVES FOR THE PRESENT YEAR”**
- 15. SUMMARY ON ROUNDTABLE DISCUSSION**
- 16. MARP CHRISTMAS GREETING CARD 1**
- 17. MARP CHRISTMAS GREETING CARD 2**

PUBLIC RELATIONS PROMOTION & ADVERTISING

“ACCOUNTING AND AUDITING” MAGAZINE BRIEF DESCRIPTION

The magazine «*Contabilitate si audit*» [Accounting and Audit] is a professional magazine for accountants. During the time of implementation of NAS and Tax Code the magazine became practical and oriented towards resolving specific problems that accountants faced. Authors of the magazine are specialists of the Ministry of Finance, State Tax Service, authors of NAS, auditors. «Accounting and Audit» publishes explanations and commentaries to changes and amendments to laws, decrees and regulations, which is of major help to accountants and managers. The magazine is published since 1995 and has over 7,000 subscribers.

With the occasion of 5th Anniversary of the magazin,
Mihai Manoli, Minister of Finance stated: “I think of “Accounting and Audit” magazine as the most insistent promoter of accounting reform in the Republic of Moldova, the most successful periodical for accounting and taxation”.

Eugen Hriscev, AESM Rector, Ph.D. in Economics, member of Academy of Science of Moldova stated : “Collaboration of our professors with this magazine offers them the possibility to affirm their professionalism. Besides, the magazine represents an uncontestable support for practical training of students in accounting and taxation”.

Michael Neider, CPA, Director of USAID Moldovan Accounting Reform Project: “Accounting and Audit” magazine has always understood that accounting and educational reforms represent the most critical cornerstones in the process of transition to market economy”.

**ARTICLES on ACCOUNTING, TAXATION and AUDITING ISSUES,
published by MARP seniors accountants in “CONTABILITATE si AUDIT”
magazine during 1998–2000**

Financial Statements

V. Bucur, L. Gavriluc, J. Cazacu, M. Caraus, A. Nederitsa, V. Paladi, P. Tostogan, V. Turcanu
Methodological recommendations on preparation of new forms of financial statements
No 5, 1998, p.18 (35 pages)

J. Cazacu, V. Bucur, A. Nederitsa
On the manner of preparation and presentation of 1998 annual financial report
No 1–2, 1999, p.2 (19 pages)

Information data on preparation of 1998 annual report
No 1–2, 1999, p.48 (3 pages)

A. Nederitsa, N. Tsiurlov, V. Paladi, L. Gavriluc
Practical recommendations on preparation of the explanatory note to the annual financial statements
I. Disclosure of accounting policy
II. Compliance of annual financial statements with NAS requirements
III. Analysis of property and financial situation at enterprises
No 4, 1999, p.40 (35 pages)

J. Cazacu, V. Bucur, A. Nederitsa, P. Tostogan
Annual financial statements for 1999: accounting and tax aspects
No 1, 2000, p.23 (30 pages)
No 2, 2000, p.35 (30 pages)

I. Zaharcenco, T. Prisacari
Procedure for determining income tax expense (saving), taking into account specifics of preparing income tax return of a person involved in entrepreneurial activities for 1999
No 2, 2000, p.3 (32 pages)

Cost Accounting

A. Nederitsa, P. Tostogan
New manner of accounting for costs, expenses and income of enterprises and preparation of income statement
No 4, 1998, p.13 (15 pages)

R. Evsiukova, A. Nederitsa
Accounting for borrowing costs
No 8-9, 1998, p.27 (9 pages)

R. Evsiukova, A. Nederitsa
Expenses on advertising: accounting and taxation
No 11, 1999, p.14 (5 pages)

Small Business: Accounting and Taxation

A. Nederitsa

How to apply NAS 4 “Accounting by small business entities”. (Conditions and methodology of converting to the simplified accounting system, procedure for elaboration and use of accounting policy and simplified Chart of Accounts for small business entities)

No 4, 2000, p.17 (15 pages)

A. Nederitsa

Practical recommendations on maintenance of the Order-Log for accounting for transactions, preparation of financial statements by small business entities

No 6, 2000, p.14 (12 pages)

A. Nederitsa

Specifics of preparation of Accounting Worksheets for transactions and preparation of financial statements by small business entities (case study)

No 7–8, 2000, p.59 (12 pages)

I. Zaharcenco, T. Prisacari

*On Accounting and Taxation Questions at individual enterprises.
On registration of subjects of VAT taxation*

No 7–8, 2000, p.71 (3 pages)

A. Nederitsa

Specifics of preparation of Accounting worksheets for transactions and preparation of financial statements at small business entities (case study)

No 12, 2000, p.25 (12 pages)

Trade Accounting

N. Stratulat, P. Tostogan

Evaluation and accounting for goods in wholesale enterprises in accordance with NAS 2 “Inventories”

No 6, 1998, p.28 (14 pages)

I. Zaharcenco, T. Prisacari

How to organize and perform physical inventory of remaining goods as of 01.07.98 at trade enterprises

No 7, 1998, p.90 (16 pages)

N. Stratulat

Calculation and recording in accounting VAT at retail trade enterprises

No 6, 199, p.16 (3 pages)

Fixed Assets Accounting

V. Bucur

Procedure for determining initial value and accounting for receipt of fixed assets

No 4, 1998, p.2 (7 pages)

V. Bucur
Accounting for repair of fixed assets and subsequent capital expenditures
No 5, 1998, p.59 (12 pages)

V. Bucur
Accounting for disposal of fixed assets
No 6, 1998, p.4 (14 pages)

V. Bucur
Evaluation of long-term tangible assets after their initial recognition; revaluation and recording results of revaluation in accounting
No 8–9, 1998, p.3 (12 pages)

V. Bucur
On the procedure for recording VAT on transactions related to movements in fixed assets
No 12, 1998, p.15 (16 pages)

V. Bucur
On accounting for lease transactions
No 7–8, 1999, p.12 (10 pages)

V. Bucur
Accounting for fixed assets identified as missing in the course of physical inventory
No 7–8, 1999, p.22 (3 pages)

Accounting in Joint Stock Companies

V. Bendersky, T. Prisacari
Accounting for the statutory capital of a joint-stock company (discussion)
No 7, 1998, p.41 (9 pages)
No 10, 1998, p.35 (16 pages)

N. Zlatina
Accounting for transactions related to distribution of property among shareholders (stakeholders) in case of liquidation of an enterprise
No 9, 2000, p.14 (6 pages)

Foreign Economic Activity

V. Bucur
Accounting for import transactions
No 10, 1999, p.17 (6 pages)

V. Bucur, L. Grabarovskaya
Specifics of accounting for effects of changes in foreign exchange rates
No 7–8, 1999, p.25 (14 pages)

I. Zaharcenco, T. Prisacari
Export-import transactions: accounting and taxation aspects
No 11, 1999, p.3 (11 pages)
No 12, 1999, p.4 (22 pages)

Other Accounting and Taxation Issues

A. Nederitsa

Methodological instructions on elaboration of the accounting policy of an enterprise for 1998

No 5, 1998, p.10 (8 pages)

A. Tcacencu, A. Vitiuc

Accounting for transport and procurement costs

No 6, 1998, p.25 (3 pages)

M. Manoli, A. Nederitsa

On the manner of recording in accounting transactions when converting from the cash method to the method of accrual

No 10, 1998, p.3 (4 pages)

J. Cazacu, A. Nederitsa

On accounting for return and discount of sold goods (products)

No 10, 1998, p.6 (5 pages)

A. Nederitsa

Specifics of accounting and taxation of results of past years detected in the reporting year

No 3, 1999, p.3 (4 pages)

A. Nederitsa

Accounting and taxation of transactions on current lease

No 6, 1999, p.6 (10 pages)

J. Cazacu, A. Nederitsa

Accounting for finance lease

No 7–8, 1999, p.5 (7 pages)

N. Zlatina

Accounting for liquidation of enterprises

No 9, 1999, p.13 (10 pages)

L. Istratii, A. Nederitsa

Accounting and taxation of transactions with goods made on commission

No 9, 1999, p.23 (10 pages)

No 10, 1999, p.3 (9 pages)

A. Nederitsa

On accounting policy of an enterprise for 2000.

No 12, 1999, p.26 (5 pages)

N. Zlatina

Accounting for transactions related to creation of enterprises

No 4, 2000, p.3 (6 pages)

M. Neider

Managerial accounting is an important stage in development of the accounting reform in Moldova

No 5, 2000, p.4 (2 pages)

V. Bucur

On accounting for transactions related to construction of houses

No 7–8, 2000, p.3 (6 pages)

M. Shelaru

National standards of auditing – basis for normative regulation of auditing activities

No 7–8, 2000, p.97 (6 pages)

Income tax

T. Prisacari, I. Zaharcenco

Specifics of accounting for income tax of enterprises in accordance with NAS 12, Accounting for Income Tax

No 8–9, 1998, p.16 (10 pages)

No 10, 1998, p.11 (13 pages)

No 11, 1998, p.22 (7 pages)

Value Added Tax, Excises

V. Bucur

On the manner of recording VAT in connection with transactions related to movements in fixed assets

No 12, 1998, p.15 (16 pages)

V. Bucur, S. Budeanu

Specifics of imposing VAT on agricultural produce sold by the producers.

No 7–8, 2000, p.34 (6 pages)

T. Prisacari, I. Zaharcenco

Point of view (on imposing VAT on goods in deposit paid containers)

No 9, 2000, p.21 (2 pages)

I. Zaharcenco, T. Prisacari

Point of view (on the methodology of calculation of excises)

No 11, 2000, p.47 (2 pages)

Commentaries to Changes in the Tax Code

T. Prisacari, I. Zaharcenco

On the market price (value)

No 11, 2000, p.16 (7 pages)

Other Taxes. Taxation Issues

I. Zaharcenco, T. Prisacari

Fees for land improvement: problems of determining the taxable basis

No 7–8, 1999, p.44 (3 pages)

Total: 50 publications (619 pages)

ACCOUNTING AND AUDIT MAGAZINE

12/2000

**Article on promotion of the ACAP Professional Certified Accountant
(CPC – in Romanian) Photo of six CPC persons**

Cover page of a magazine

CONTABILITATE SI AUDIT [Accounting and Audit]

Photo

Mr. Cazacu, Head of the Accounting Methodology Department of the Ministry of Finance discusses certification examination and MARP publications with specialists of the department.



Certification is dictated by time!

Currently in all branches of the economy of the Republic of Moldova there is a great demand for services of highly qualified accountants and auditors. However, sometimes it is very difficult for entrepreneurs who need services of an accountant or an auditor to determine criteria for selecting the most competent and capable specialist who is able to cope with complicated tasks of the contemporary accounting and audit.

After introduction of national accounting standards and national standards of auditing the need in appropriate professional gradation of practitioners, who work in the fields of accounting and audit became obvious, and subsequent certification today is the same requirement as international development experience.

Therefore, proper education and training in this area are necessary, and we assume that certification program developed by practicing accountants and auditors of Moldova in the framework of *Association of Professional Accountants and Auditors (ACAP)* is in compliance with standards set by the *International Federation of Accountants (IFAC)*.

The great advantage of our program is the fact that professionals from adjacent areas (finance, business-consulting, management and economics) who are interested in accounting have the opportunity to get qualification of *Professional Certified Accountant (PCA)*.

We have to note that currently, and especially in the future, potential employers, clients and society as a whole will treat PCA accountants as professionals with vast experience, perfect knowledge and skills.

The following persons have successfully passed certification examinations and became *Professional Certified Accountants*

Cojocari Natalia Petrovna, senior accountant, «? VK-Moldova», Chisinau
Ciobanu Viaceslav Georghievich, director, "Optim-Audit", Chisinau
Parfentieva Oxana Andreevna, senior accountant, "AUTOSFERA" JSC, Chisinau
Topalova Nina Stepanovna, senior accountant, "Alba-Hincesti", Chisinau
Culieva Ecaterina Ivanovna, senior accountant, "Nord-Kirov", Taraclia
Gavrilenko Galina Dmitrievna, senior accountant, "Prim-Planjor", Balti

At the meeting of professional certified accountants with J.F. Cazacu, Head of the Accounting and Audit Methodology Department of the Ministry of Finance of the Republic of Moldova, that took place on December 11, 2000, those who were the first to received certificates draw conclusions, and expressed their feelings:

N. Cojocari: «For me personally, as for an accountant, it was very important to pass an exam, which would confirm my knowledge in the area of accounting and audit, economics and taxation issues. Due to this certification I found good job, deepened and expanded my knowledge, met new friends-accountants. I sincerely wish all participants who take the certification exam to pass the exam successfully and to get a certificate that would enhance the prestige of the accounting profession».

N. Topalova: «I always considered that in order to become a real accountant it is not enough just to get education and work in the corresponding area. To become a real accountant one needs something more. That is why I was always interested in the new information. In January 1998 I learned about ACAP and immediately became an ACAP member, as I thought that communication with accountants would do me a lot of good. Who can understand accountant's problems better than an accountant can? ACAP satisfied all my expectations: there I was always able to broaden my knowledge, and as soon as I learned about certification I decided to take part in it to check myself. Certification organized by ACAP strengthened my self-reliance, helped me to feel myself closer to my lifelong goal – to become a real accountant.

Thanks to certification I got a very interesting and prestigious job. It seems to me that while certification has no legal state support it is a matter of *honor* of each accountant».

G. Gavrilenco: «Certification of accountants is a new phenomena in our life and public percepts it ambiguously. But it is absolutely obvious that it is a very important criterion of evaluation of accountant's professionalism».

E. Culieva: «I think that certification is the best proof of professionalism of an accountant. The certificate “Professional Certified Accountant” means recognition of accountant's high qualifications, and guaranteed professional success».

We recommend professionals to become part of the recognized and highly respected professional elite!

ACCOUNTING AND AUDIT MAGAZINE

2/2000

**A Sample of the First Certificate Issued to the first ACAP Professional Certified
Accountant**

(CPC – in Romanian: Contabil Profesionist Certificat)

ACCOUNTING AND AUDIT MAGAZINE

3/1999

ACAP

**Advertisement of the book “The New Accounting System for the Economic
Entities of the Republic of Moldova”, Volume II**

ACCOUNTING AND AUDIT MAGAZINE

5/2000

ACAP – MARP

Advertisement of the Practice Guide “Managerial Accounting”

ACCOUNTING AND AUDIT MAGAZINE

5/2000

ACAP – MARP

Managerial Accounting Seminars Promotion

**Article by M.B. Neider: MANAGERIAL ACCOUNTING AS IMPORTANT
STEP OF ACCOUNTING REFORM IN MOLDOVA**

**Michael B. Neider, CPA
Chief of Party
USAID Moldovan Accounting Reform Project**

**MANAGERIAL ACCOUNTING AS IMPORTANT
STEP OF ACCOUNTING REFORM IN MOLDOVA**

Moldovan Accounting Reform Project (MARF) is a USAID funded project managed by East-West Management Institute that started its activity in Moldova on March 16, 1998. The main goal of the project is to provide technical assistance to Moldova's transition to international accounting and auditing practices. During its relatively short activity in Moldova MARF has achieved quite a few accomplishments that I am proud to share with *Contabilitate si Audit* readers.

MARF has been actively involved in providing assistance to the Republic of Moldova Government in drafting and implementing national accounting (NAS) and auditing (NSA) standards. In particular, MARF has participated in implementation of eighteen NASs at the enterprises of various branches of the national economy. One of the project's tasks is teaching NASs through coordinated public education activities. We have trained at our seminars over 4,000 accountants representing about 1,900 enterprises in various accounting disciplines, so far in financial accounting standards and techniques based on international pronouncements.

Every company is striving to achieve its short- and long-term goals in a highly competitive and ever-changing business environment, be it pricing right the product, cutting costs or increasing its market share. In order to be successful in achieving these goals managers need to have such analytical information available that will help them carry out their major activities such as planning, directing, motivating, and controlling. The evaluation techniques, approaches and analysis methods applied for this purpose form the cornerstone of managerial accounting that represents the next logical step in transition to the international accounting practice. MARF understands and supports this trend, thus making the dissemination of managerial accounting techniques one of its current priorities.

Managerial accounting is widely used internationally since it provides information for internal use that helps managers at various levels to make decisions and efficiently run the company. Managerial accounting can be contrasted with financial accounting which is concerned with providing information to shareholders, creditors and others who are outside an enterprise. Thus, despite the fact that both financial and managerial accounting use the same basic dataset, managerial accounting has different objectives and often employs different methods and techniques. Managerial analysis and decision making is concerned with deeper understanding of the enterprise business processes and focuses primarily on the future rather than the past performance.

Main objectives of managerial accounting are:

- controlling, planning, and forecasting economic efficiency of enterprise and its responsibility centers;
- providing information base for pricing;
- choosing the most efficient ways of working capital management and enterprise development as a whole.

Being aware of the importance and actuality of managerial accounting objectives, nature, applied techniques and subject matters MARP has organized and carried out a number of promotional seminars for practitioners throughout the country in the framework of consulting projects.

I invite all managers, accountants and other interested professionals, consulting and audit firms to participate in our managerial accounting seminars. The seminar program is designed to provide attendees with both theoretical knowledge and practical tools that we believe will be very helpful when applied in their day-to-day activities. The seminar covers such major managerial accounting concepts as Budgeting – its nature, types and preparation procedures. Cost-Volume-Profit Analysis, Breakeven Point, Operating Leverage and Product Mix, Operating Decision-Making, Standard Cost System And Variances Analysis, Working Capital Management and Investment Decision-Making. The whole seminar is built on a case-study with real-life examples, problems and their solutions. The participants will have to take a test at the end of the seminar and based on the test results will be awarded certificates. In the recent past MARP has conducted a few seminars in Chisinau and Baltsi. It is planned to organize similar one-week seminars in Drochia, Ungheni, Calarasi, and Vulcanesti.

We have developed the program of managerial accounting seminars based on our experience and feedback from pilot companies.

MARP has well carried out consulting projects for five enterprises from various sectors. For instance, the consulting project for a glass manufacturing company involved the preparation of the operating budget and cash budget for the year 2000; for a company from the wine industry – preparation of operating budget for the IV quarter of 1999; for a batter and cheese producing company – computation of the break-even point and product pricing decision-making; for one of the dairy companies – preparation of the 2000 operating and financial budgets, computation of the break-even point for each product type and for the product mix.

One of MARP's objectives is to insure long-term professional capacity by developing new accounting curriculums with institutions of higher education. During its activity in Moldova MARP has worked closely with the Ministry of Education and Science and the academic community of the country, in particular with the Academy of Economic Studies (ASEM). In cooperation with ASEM, MARP has provided assistance in developing a new curriculum, which has been approved and is presently being implemented at ASEM. Managerial Accounting will be a mandatory course for the Master of Science in Accounting program.

MARP is planning to keep conducting seminars for academia professors, consulting and audit firm's specialists, education and training specialists who wish to or already teach managerial accounting. Seminar participants will receive didactic materials and the Managerial Accounting Guide for Practitioners prepared by MARP's experts, which is expected to be published in the nearest future*.

* For more information on the seminars, please contact MARP at 24-25-07 or the local ACAP (Association of Professional Accountants and Auditors) representative.

ACCOUNTING AND AUDIT MAGAZINE

3/2000

ACAP – AESM

Advertisement of the Manual for the Students “Financial Accounting”

ACCOUNTING AND AUDIT MAGAZINE

5/2000

ACAP

Announcement of ACAP Annual General Meeting Held on May 20, 2000

Translation

The Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP) announces convocation of the Annual meeting of the ACAP members and of the National Conference of Professional Accountants and Auditors of the Republic of Moldova.

Agenda of the General Meeting:

1. Report on ACAP activities;
2. Report of the Audit Commission;
3. Budget execution in 1999, and budget for 2000
4. Election to the Board of Directors
5. Adoption of the ACAP Code of Professional Conduct

Agenda of the Conference of Professional Accountants and Auditors:

1. On the progress of the accounting reform;
2. On the progress of the fiscal reform;
3. On the draft national standards on auditing;
4. On certification of accountants and auditors.

Thank you in advance for your participation!

ACCOUNTING AND AUDIT MAGAZINE

7/1998

ACAP

ACAP's Mission in the Republic of Moldova

ACCOUNTING AND AUDIT MAGAZINE

3/1999

ACAP

Announcement of the First National Conference of Moldovan Certified Accountants and Auditors Held on February 27, 1999

Translation

The Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP) announces convocation of the First National Conference of Professional Accountants and Auditors of the Republic of Moldova.

Status of the Accounting and Audit Profession in the Society

Agenda:

1. Accounting reform and its impact on economic development of Moldova;
2. Role of a professional accountant in the society;
3. Independent audit and its significance for entrepreneurs and the state.

The conference was conducted under the auspices of ACAP and the USAID Accounting Reform Project (MARP).

ACCOUNTING AND AUDIT MAGAZINE

10/1999

ACAP

Announcement Concerning Certification Examination



ASSOCIATE MEMBER OF IFAC



INTERNATIONAL FEDERATION OF ACCOUNTANTS

PARTICIPATION IN CERTIFICATION PROGRAM - YOUR PROFESSIONAL RECOGNITION!!!

Association of Professional Accountants and Auditors of the Republic of Moldova announces the **Certification Program for Accountants and Auditors** starting from December 1999. It is the first program of this type promoted by a professional accounting organization in CIS countries.

The goal of the program is the appraisal of professional and technical expertise of accountants and auditors of the Republic of Moldova in compliance with the provisions of the International Federation of Accountants (IFAC), ACAP having obtained the status of its associate membership in 1998.

The certification program includes one general exam divided into three separate tests. In case of successful passing of all three tests, a candidate is conferred a title of **"Professional Certified Accountant"**. The assigned test dates are: **December 6, 8, 10' 1999.**

DISCIPLINES INCLUDED IN THE GENERAL EXAMINATION:	REQUIREMENTS FOR CANDIDATES:	
	EDUCATION	EXPERIENCE
Test #1 - 12/6/99. Economics, business law, information technologies	HIGHER EDUCATION -university diploma in the field of accounting or business-related disciplines.	3 YEARS of practical or academic experience in the field of accounting or business (auditing, finance, business consulting, management, economics).
Test #2 - 12/8/99. Taxation, financial reporting and analysis, financial management	PROFESSIONAL - college diploma in the field of accounting.	6 YEARS of practical experience in the field of accounting and auditing.
Test #3 - 12/10/99. Auditing, ethics, accounting	ACAP membership in good standing.	

The certification program is a graduate self-study program that gives the candidates an opportunity to organize their time to prepare for tests without interruption from their jobs. The Association is going to organize orientation seminars for potential candidates in November.

To register for the certification exam, please, contact ACAP (contact person - **Viorica Teosa**, Certification Coordinator) at 67 Stefan cel Mare Str., r. 412, Chisinau; tel. **27 26 02** or **27 36 96**.

ACAP chapters telephones are the following: **Balti - (231) 23004; Briceni - (247) 22472; Ungheni - (236) 22091, Drochia - (252) 24203, Vulcanesti - (253) 22687 si Taraclia - (274) 25853.** You can also visit our web-site at **http://acap.ngo.moldnet.md** or contact us by e-mail: **acap@moldnet.md**. The deadline for application submission is November 6, 1999.

ACCOUNTING AND AUDIT MAGAZINE

6/1999

ACAP Page:

ACAP: Commentaries, Consulting, Answers on questions (pp.28 – 37)

Advertisement on ACAP Activities



Предлагаем Вашему вниманию краткий информационный очерк об Ассоциации профессиональных бухгалтеров и аудиторов Республики Молдова (АСАР).

Ассоциация была создана в 1996 году с целью развития и продвижения практики профессионального бухгалтерского учета и аудита в Республике Молдова посредством обеспечения своих членов информацией и руководством и предоставления услуг на самом высоком профессиональном уровне.

АСАР представляет интересы бухгалтеров и аудиторов в общественных, правительственных, государственных и международных организациях.

Сегодня Ассоциация принимает участие

- во внедрении новой системы бухгалтерского учета на основе НСБУ;
- в разработке и осуществлении всеобщей программы профессионального развития;
- в разработке национальных стандартов аудита;
- в разработке программы сертификации бухгалтеров и аудиторов Республики Молдова;
- в обучении членов Ассоциации в области бухгалтерского учета, налогообложения и аудита.

Становясь членом АСАР, Вы

- ❑ **ПОВЫШАЕТЕ СВОЙ ПРОФЕССИОНАЛЬНЫЙ УРОВЕНЬ И ПОЛУЧАЕТЕ ЗНАЧИТЕЛЬНЫЕ СКИДКИ НА УЧАСТИЕ ВО ВСЕХ ПРОГРАММАХ ОБУЧЕНИЯ АСАР**
- ❑ **ПОЛУЧАЕТЕ СКИДКУ НА ПРИОБРЕТЕНИЕ ЭКСКЛЮЗИВНЫХ ИЗДАНИЙ АСАР, А НЕКОТОРЫЕ ИЗДАНИЯ ПОЛУЧАЕТЕ БЕСПЛАТНО**
- ❑ **ЕЖЕМЕСЯЧНО ПОЛУЧАЕТЕ ПО ПОЧТЕ ИНФОРМАЦИОННЫЙ И НОРМАТИВНЫЙ БЮЛЛЕТЕНИ С ПОСЛЕДНИМИ НОВОСТЯМИ АССОЦИАЦИИ И ИЗМЕНЕНИЯМИ В ЗАКОНОДАТЕЛЬСТВЕ**
- ❑ **БЕСПЛАТНО ПОЛЬЗУЕТЕСЬ БИБЛИОТЕКОЙ АСАР И КОМПЬЮТЕРНОЙ БАЗОЙ ДАННЫХ ПО ЗАКОНОДАТЕЛЬСТВУ МОЛДОВЫ**
- ❑ **ЗНАКОМИТЕСЬ С ДРУГИМИ ПРОФЕССИОНАЛЬНЫМИ БУХГАЛТЕРАМИ, АУДИТОРАМИ И ПРЕДПРИНИМАТЕЛЯМИ. У ВАС ПОЯВИТСЯ ВОЗМОЖНОСТЬ УЧАСТВОВАТЬ В СОЦИАЛЬНЫХ МЕРОПРИЯТИЯХ, ДЕЛОВЫХ ВСТРЕЧАХ, СЕМИНАРАХ, КРУГЛЫХ СТОЛАХ И ПРАКТИЧЕСКИХ ЗАНЯТИЯХ, А ТАКЖЕ ПРОГРАММАХ СОТРУДНИЧЕСТВА МЕЖДУ ФИРМАМИ МОЛДОВЫ И АССОЦИАЦИЕЙ**

Сегодня в Ассоциации постоянно действуют следующие курсы:

- ❑ *Основы новой системы бухгалтерского учета*
- ❑ *Навыки работы на компьютере*
- ❑ *Бухгалтерский учет на компьютере*
- ❑ *Практические рекомендации по применению положений Налогового законодательства Республики Молдова (Налоговый кодекс, разделы I, II, III)*
- ❑ *Необходимость новой системы бухгалтерского учета (для руководителей предприятий)*

Адрес АСАР: МД-2001, Кишинэу, бул. Штефан чел Маре 67 (на пересечении с ул. Тигина, здание "Молдкооп" напротив центрального телеграфа), к. 408, 409, 412; факс: 26 26 02; адрес электронной почты: asar@moldnet.md.

Телефоны для справок: 26 26 02, 26 36 96, 26 06 74.



АССОЦИАТИВНЫЙ ЧЛЕН МФБ

(Международная Федерация Бухгалтеров)

We are offering you a brief outline about the Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP).

ACAP was created in 1996 with the goal of providing assistance in the improvement of professional accounting and auditing in the Republic of Moldova by providing its members with information and guidance and rendering services at the highest professional level.

Today the Association participates in

- Implementation of the new accounting system based on the NAS;
- Elaboration and implementation of the general program for professional development;
- Elaboration of the national audit standards together with the Ministry of Finance;
- Development of a certification program for accountants and auditors in the Republic of Moldova;
- Training of the ACAP members in the fields of accounting, taxation and auditing.

???? represents accountants' and auditors' interests in non-government, government, state and international organizations.

By becoming ACAP member you

- | |
|--|
| <ul style="list-style-type: none"> ❑ IMPROVE YOUR PROFESSIONAL LEVEL AND BENEFIT FROM SIGNIFICANT DISCOUNTS WHEN PARTICIPATING AT ALL ACAP TRAINING PROGRAMS ❑ BENEFIT FROM DISCOUNTS WHEN PURCHASING EXCLUSIVE ACAP PUBLICATIONS, SOME PUBLICATIONS ARE FREE OF CHARGE ❑ RECEIVE VIA MAIL INFORMATION AND NORMATIVE BULLETIN WITH THE LATEST NEWS OF THE ASSOCIATION AND AMENDMENTS TO THE LEGISLATION ON A MONTHLY BASIS ❑ USE FREE OF CHARGE THE ACAP LIBRARY AND THE COMPUTER DATA BASE ON MOLDOVAN LEGISLATION ❑ MEET WITH OTHER PROFESSIONAL ACCOUNTANTS, AUDITORS AND ENTREPRENEURS. YOU WILL HAVE THE POSSIBILITY TO PARTICIPATE IN SOCIAL EVENTS, BUSINESS MEETINGS, SEMINARS, ROUND TABLES, PRACTICAL COURSES AND PROGRAMS OF COOPERATION BETWEEN THE MOLDOVAN FIRMS AND ASSOCIATION |
|--|

The Association has the following on-going courses:

- ❑ *The Basics of the New Accounting System*
- ❑ *Computer Skills*
- ❑ *Computer Based Accounting*
- ❑ *Practical Recommendations on the Implementation of the Tax Legislation of the Republic of Moldova (Tax Code, p. I, II, III.)*
- ❑ *Why Moldovan Enterprise Managers Need the New Accounting System*

ACAP address: MD-2001, Chisinau, 67 Stefan cel Mare, office 408, 409, 412, fax 262602; e-mail: acap@moldnet.md
Telephones: 26 26 02, 26 36 96, 26 06 74.



IFAC ASSOCIATE MEMBER

(International Federation of Accountants)

ACCOUNTING AND AUDIT MAGAZINE

5/1998

Article of Mr. M.Caraus

(Chairman of ACAP's Board of directors)

“About ACAP's Activity During 1997 and its Objectives for the Present Year”

SUMMARY ON ROUNDTABLE DISCUSSION

Moldovan Accounting Reform Project together with ASEM and ACAP are regularly organizing roundtables for accounting practitioners and professors from all over the republic. The scope of these roundtable discussions is getting together all accounting practitioners and professors to raise and discuss present issues in the field of accounting.

Topic	Number of Participants
1. Methodology of conversion to the new accounting system. Implementation of the National Accounting Standards <i>March 1998</i> <i>Conducted by M. A. Manoli, Vice Minister of Finance</i>	40 practitioners and governmental representatives
2. Experience in Accounting for Commerce in the Russian Federation and the Republic of Moldova <i>August 17, 1999</i> <i>Conducted by V.V. Patrov, Professor of St. Petersburg Commerce Institute</i>	45: 24 – practitioners (various branches of industry) 11 – AESM & ACAP professors 3 – governmental representatives
3. Improving Teaching of Accounting Disciplines During Economic Reforms <i>September 22, 1999</i> <i>Conducted by V.I. Tsurcanu, Professor, AESM, Head of the Accounting Chair</i>	65 professors from 20 educational institutions
4. Common Errors in Computation of a Company's Income Tax. Accounting for Income Tax in Accordance with the Tax Code and NAS 12 "Accounting for Income Tax". <i>September 27, 1999</i> <i>Conducted by I. Zaharcenco, T. Prisacar, AWG' members</i>	51: 42 practitioners from 35 enterprises 6 – Accounting Working Group 3 – governmental representatives
5. Improving Teaching of Managerial Accounting Course <i>March 14, 2000</i> <i>Conducted by V.I. Tsurcanu, Professor, AESM, Head of the Accounting Chair</i>	57 professors from 20 higher education institutions
6. Financial Management: Theory and Practice <i>August 25, 2000</i> <i>Conducted V.V. Kovalev, Professor of St.Petersburg State University</i>	87 57 practitioners 30 professors
7. Presentation of "Principles of Accounting" Manual by Belverd E. Needles, Henry R. Anderson, James C. Caldwell, 5 th edition, in Romanian <i>October 4, 2000</i> <i>Conducted by M.F. Shelaru, MARP Deputy Director</i>	18 professors from 15 higher education institutions, 3 - governmental representatives
8. National Accounting Standards for Non Governmental Organizations <i>December 1, 8, 18, 19, 2000 in Balti, Comrat, Chisinau</i> <i>Conducted by I. Zaharcenco, T. Prisacar, AWG' members</i>	73 <i>practitioners</i>
12. Certification of Non Governmental Organizations <i>December 22, 2000, Balti</i> <i>Conducted by I. Zaharcenco, T. Prisacar, AWG' members</i>	30 <i>practitioners</i>

ACCOUNTING REFORM IN EDUCATION
MARP PUBLIC RELATIONS IN EDUCATION REDESIGN
MARP Christmas Greeting CARD 1

“Moldovan Accounting Reform Project is bringing to you the warmest congratulations on the occasion of winter holidays and wishes you a Merry Christmas.

We are pleased to give to your library as a gift a 1998-2000 subscription of the @Accounting and Audit” magazine to be utilized in educational process of your Institution.

We wish you good luck and professional successes!”

Donation to the Libraries of the following Universities and colleges:

1	Academy of Economic Studies	(Chisinau)
2	Agrarian State University	(Chisinau)
3	State University “Aleco Ruso” Balti	(Balti)
4	State University Comrat	(Comrat)
5	Technical State University	(Chisinau)
6	Independent University (ULIM)	(Chisinau)
7	Institute of International Relations “Perspectiva”	(Chisinau)
8	International Institute of Management	(Chisinau)
9	University of Applied Sciences	(Chisinau)
10	University of Commerce	(Chisinau)
11	International Academy of Business Law and Audiovisual Arts	(Chisinau)
12	Academy of Public Administration	(Chisinau)
13	International University of Finance and Law	(Chisinau)
14	Nistorean Institute of Economic and Law	(Balti)
15	University of Humanitarian Studies	(Chisinau)
16	College of Finance and Banking	(Chisinau)
17	College of Agricultural and Industrial	(Riscani)
18	College of Commerce	(Chisinau)
19	Republican College of Computer Science	(Chisinau)
20	Agrotechnical College	(Cahul)
21	Private College of Economy and Law “Socrate”	(Chisinau)
22	Agricultural and Industrial College	(Ocnita)
23	Agricultural and Industrial College	(Taul)
24	Agrotechnical College Svetlii	(Comrat)
25	College of Telecommunications	(Chisinau)
26	Industrial and Construction College	(Chisinau)
27	National College of Wine	(Stauceni)
28	College of Livestock Bratusheni	(Bratusheni)
29	Agricultural and Industrial College	(Grinautsi)
30	Finance and Law College	(Chisinau)
31	Agrobusiness College	(Chisinau)
32	Ministry of Agriculture, Training Department	(Chisinau)
33	National Library	(Chisinau)
34	ACAP	(Chisinau)
35	ACAP	Chapters in regions

MARP PUBLIC RELATIONS IN AUDIT
MARP Christmas Greeting CARD 2

"Moldovan Accounting Reform Project is bringing to you the warmest congratulations on the occasion of winter holidays and wishes you a Merry Christmas.

We are pleased to give to your Audit Organization as a gift a "Monitorul official" newspapers with the newly approved National Standards on Audit .

We wish you good luck and professional successes!"

Donation to the following Licensed Audit Firms:

- | | | |
|--------------------------------|----------------------------------|--------------------------------------|
| 1. AlkontSRL | 31. Audit-Punctul SRL | 61. Infoaudit SRL |
| 2. Audit-98 SRL | 32. Audit-Tin SA | 62. Intel-Audit SRL |
| 3. Audit-Luci SRL | 33. Audit-Un-Fin SRL | 63. Intelept SRL |
| 4. Audit-Rivi SRL | 34. Audit-Verdict SA | 64. King SRL |
| 5. Audit Arc SRL | 35. Audit-Victor SRL | 65. KPMG Moldova SRL |
| 6. Audit atlant SRL | 36. Concept SRL | 66. Laudi-Audit SRL |
| 7. Audit Bagnat SRL | 37. Confidential-Audit SRL | 67. Linara Audit SRL |
| 8. Audit Centru SRL | 38. Contabil Auditor SRL | 68. Lumix SRL |
| 9. Audit Concret SRL | 39. Contabilizare si Audit SRL | 69. M&K SRL |
| 10. Audit international SRL | 40. Conusans Audit SA | 70. Mazur Audit II |
| 11. Audit Lucid SRL | 41. Corect-Audit SRL | 71. Melnic II |
| 12. Audit Modus SRL | 42. Croford SRL | 72. Moldauditing SRL |
| 13. Audit Nord SRL | 43. Croitoru Maria II | 73. Nica Audit SRL |
| 14. Audit si Evidenta Spinu II | 44. Daaco-Audit SRL | 74. Nova Audit SRL |
| 15. Audit optim SA | 45. Daghest-Audit SRL | 75. Optimaudit SRL |
| 16. Audit Prim SA | 46. Delema SRL | 76. Pil-Audit SA |
| 17. Audit Real SRL | 47. Deloitte & Touche SRL | 77. Postaudit-Grup SRL |
| 18. Audit Rezonabil SRL | 48. Discont SRL | 78. PricewaterhouseCoopers Audit SRL |
| 19. Audit Sedan SRL | 49. Dones-Audit SRL | 79. Revcont-Audit SRL |
| 20. Audit SRL | 50. Edro SA | 80. Revcontaj SRL |
| 21. Audit Suravschi II | 51. Exact-Audit SA | 81. Steheri-ACE SRL |
| 22. Audit Universal SRL | 52. Exinf-Service SRL | 82. Super-Audit SRL |
| 23. Audit-Complex SRL | 53. Fils-Audit SA | 83. Svetlana Seremet II |
| 24. Auditconst SRL | 54. Financiar-Audit SRL | 84. Tanira-Audit SRL |
| 25. Audit-Exact SA | 55. Finaudit SRL | 85. Truvorix SRL |
| 26. Audit-Expert SRL | 56. First Audit International SA | 86. Unicont- Standard SRL |
| 27. Audit-Garant SA | 57. Fortissimo Audit SRL | |
| 28. Audit-Grup SRL | 58. General Audit Grup SA | |
| 29. Auditor Mardari II | 59. Inaudit SRL | |
| 30. Auditor-Ciolac V.N. II | 60. Industrial-Consult SRL | |

Attachment 7
MARP Final Report
March 16, 1998 –
December 31, 2000

EDUCATION REDESIGN AND TRAINING

Contents:

- 7.1. AESM New Accounting Curriculum**
- 7.2. International Program in Accounting and Auditing (1998)**
 - a. Principles of Accounting Curriculum**
 - b. Financial Accounting Based on NAS**
 - c. Managerial Cost Accounting**
 - d. Tax Accounting and New Tax Code**
 - e. Auditing**
- 7.3. International Program in Accounting and Auditing (1999)**
 - a. Auditing**
 - b. Financial Management**
 - c. Advanced Accounting & Newly Adopted NAS**
 - d. Business Law**
- 7.4. Summer Session (2000)**
 - a. Managerial Accounting**
 - b. Financial Management**
 - c. Business Law**
- 7.5. Textbook Distribution**
- 7.6. Feasibility Study UNO – AESM**

str. Mitropolitul Bănulescu-Bodoni 57/1, biroul 312 Chișinău, MOLDOVA - 2005
tel: (country code: 3732, inside CIS: 0422) 24-25-07, 24-25-58, 24-25-49
fax: 24-25-23; e-mail: info@marp.moldpac.md

NEW ACCOUNTING CURRICULUM

**Proposed by MARP
in September 1998**

**Approved by the Senate
of the Academy of Economic
Studies of Moldova (AESM)
on March 25, 1999**

Chisinau 1999

A. INTRODUCTION

As the world enters the twenty first century with increasingly rapid changes in the socio-economic-political systems in many countries, future accountants will need to have a broad range of knowledge and technical skills in a variety of areas. The world economy will become closely related and interdependent. As the number and the volume of multinational activities increases, the modern accountant will need to understand how the various businesses function, but also the overall environment within which they operate.

Therefore the accountant will need to be knowledgeable about the world's major social, economic and political systems in order to function effectively outside of the home country. With these needs in mind the first section of this proposal covers what is often called general or liberal arts education.

Secondly, the future accountant will need to understand the businesses own environment. That need is covered in the second section which the broad areas of business knowledge. This will give the student the ability to function at several levels or positions within a business.

The third section deals with the technical skills needed by any accountant in the modern business world. It provides for an in depth study of all areas of accounting, public, private or the government sector.

This proposal is based on five-year course of study with a total 2400 contact hours. Additional courses or materials based on local business needs and economic conditions have not been addressed in this proposal.

This proposal includes the minimum core of knowledge in business suggested by the International Federation of Accountants and the Recommended Supporting Subjects. It expands on those areas to include a broader understanding of the world's business environment. It our considered opinion this should be a condition precedent to undertaking the technical Accounting courses.

B. GENERAL EDUCATION

These courses are intended to give the student a broad perspective of the dynamics of the world in which business operates. To the extent the student has not had substantial exposure in the secondary schools attended he/she should select three or four of the following areas. One full year of study is recommended.

1. *Fine Arts*
2. *Humanities*
3. *Natural Sciences*
4. *Information Technology*
5. *Social Science*
6. *Multicultural Perspectives*
7. *Global Issues*

Specifically these areas would include subjects such as: music, dance, painting, sculpture, design, architecture, film, theater, literature, language, philosophy, religion, history, chemistry, physics, biology, geology, earth science, geography, technical writing, business communication, report writing, anthropology, economics, political sciences, psychology, sociology.

This list is not intended to be all-inclusive. The faculty can and perhaps should add subjects or courses that are unique to Moldova and for this region of the world.

C. BUSINESS CORE

With a general education background the student is ready for the broad business support courses. These courses should provide the student with an understanding of how business operates in a free market system. These courses would usually be taken starting with the second year.

1. *Mathematics*
2. *Statistics*
3. *Economics*
4. *Accounting*
5. *Management*
6. *Marketing*
7. *Finance*
8. *Production and Operations Management*
9. *Ethics*
10. *Information Systems*
11. *International Management*

Some of these subjects may require an academic year of course work, depending on the students' background. Again, the Academy faculty may see a need for other or additional courses based on local needs.

D. THE ACCOUNTING MAJOR

These courses are designed to provide the technical skills the student needs to function as a competent accountant well into the twenty first century. These courses represent the minimum knowledge the student should have, especially to practice public accounting.

1. *Principles of Accounting*
2. *Intermediate Accounting*
3. *Accounting Information Systems*
4. *Business Law*
5. *Tax Accounting*
6. *Governmental Accounting (Budgeted Institutions)*
7. *Managerial Accounting*
8. *Cost Accounting*
9. *Auditing*
10. *Advanced Accounting*

If at some time in the future the faculty may wish to add some more specialized courses. These are only suggestions, but they are types of courses taught in Master's Degree programs.

1. *Not for Profit Organizations (NGO)*
2. *Bank Accounting*
3. *Capital Markets – Stock Exchange*
4. *Theory and Contemporary Problems in Accounting*
5. *Research Methods*
6. *Internships*
7. *Special Topics*

This curriculum proposal contains about 400 hours of electives credits. Such work allows the student to select courses of special interest outside of the listed requirements.

Following is a yearly outline suggesting a possible sequence for taking the required courses.

<u>First Year</u>		Aut.	Spr.
General Education 1		✓	✓
General Education 2		✓	✓
General Education 3		✓	✓
Mathematics - Calculus		✓	✓
Macroeconomics		✓	✓
Total			480 hours
<u>Second Year</u>		Aut.	Spr.
Microeconomics		✓	✓
Statistics		✓	✓
Principles of Accounting		✓	✓
International Economics		✓	
Management			✓
General Education		✓	✓
Total			480 hours
<u>Third Year</u>		Aut.	Spr.
Intermediate Accounting		✓	✓
Business Law		✓	✓
Marketing		✓	
International Management			✓
Information Systems			✓
Electives			144 hours
Total			480 hours
<u>Fourth Year</u>		Aut.	Spr.
Managerial Accounting		✓	
Cost Accounting			✓
Finance		✓	
Production and Operations Management			✓
Accounting Information Systems		✓	
Governmental Accounting (Budget)			✓
Technical Writing		✓	
International Currency			✓
Electives			96 hours
Total			480 hours
<u>Fifth Year</u>		Aut.	Spr.
Auditing		✓	✓
Tax Accounting		✓	✓
Ethics - IFAC			
General Education - Multicultural - Global Issues		✓	
Advanced Accounting			✓
Electives			192 hours
Total			480 hours
Grand total			2 400 hours

APPENDIX A. Course Descriptions for Accounting and Related Courses

1. PRINCIPLES OF ACCOUNTING

An introduction to Financial Accounting to cover: Accounting Concepts, Recording Transactions, Financial Statement Preparation, Accounting Systems, Cash, Receivables, Inventory, Long-term Assets, Liabilities, Joint-stock Companies, Financial Statement Analysis, Stocks and Bonds, Partnerships, Cash Flow, Manufacturing, Basic Cost Accounting, Cost-Volume-Profit Analysis, Depreciation.

2. INTERMEDIATE ACCOUNTING

Accounting Principles pertaining to financial statements - current assets, fixed assets, current liabilities, long-term liabilities, owners' equity, investments, leases, pensions, accounting changes, inflation, cash flows, statement analysis, full disclosure, exchanges, errors.

3. INTERNATIONAL MANAGEMENT

Challenges the global context poses to business management, international environment, culture, customs, politics, history, management practices in other countries.

4. INFORMATION SYSTEMS

Use of information in organization management, management support systems, software, hardware, software interface, structure and design of operating systems, file systems, process control, memory management, net working, databases.

5. MANAGERIAL ACCOUNTING

Supplying accounting information for management's use in planning and controlling operations, decision making, manufacturing, costs, cost-value-profit relationships, budgeting, relevant costs, service departments, cash flows, job order costing, variances, segment reporting, investment decisions.

6. COST ACCOUNTING

Manufacturing accounting, master and flexible budgeting, income effects of alternatives, relevance and pricing decisions, cost allocation, joint and process costing, regression analysis, cost behavior, operating costing, mix-quality-yield variances, performance measurement, activity based accounting, transfer pricing, cost theory.

7. ACCOUNTING INFORMATION SYSTEMS

Use of decision support software in accounting, analysis-design-control and security of accounting information systems, flow charts, internal control, fraud, auditing computer based systems.

8. GOVERNMENTAL ACCOUNTING

Study of accounting principles and financial reporting for government at all levels, expenditures, revenue, enterprise funds, internal control.

9. TECHNICAL WRITING

Focus on writing done in technical or business environments, business letters, formal reports, technical presentation, user manuals, guides and other technical information communication.

10. AUDITING

Theory and practice of financial auditing, emphasis on international auditing standards, audit reports, ethics, liability, objectives, evidence, planning, documentation, materiality, risk, internal control, audit programs, auditing the business cycles, sampling, test of transactions, detail of balances, inventory, capital acquisitions, cash balances, attestation, compilation and review, operational auditing.

11. TAX ACCOUNTING

The study of all laws and how they apply to: individuals, all forms of business, withholding, tax reporting, estates, trusts, government administration of the laws, legal issues, gifts, losses, property transactions, credits.

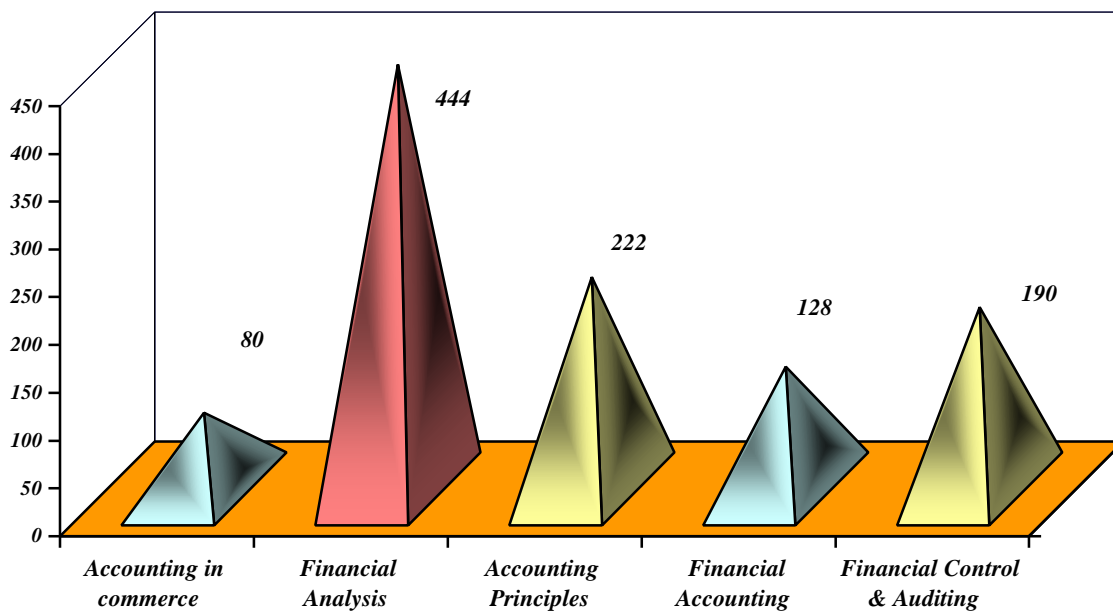
12. ETHICS

Business ethics in general, ethics of professional organizations, ethics of auditors.

13. ADVANCED ACCOUNTING

Business consolidations, foreign currency transactions and translations partnerships, other advanced problems, inter company activities, pooling of interests.

Quality Control over the New Accounting Curriculum Implementation in 1999 - 2000



Total: 1064 hours.

SITE VISITS TO THE ACADEMY OF ECONOMIC STUDIES on QUALITY CONTROL OF NEW ACCOUNTING CURRICULUM IMPLEMENTATION

A number of site visits (over 500 during the period of 1999-2000) to the Academy of Economic Studies of Moldova (AESM) were conducted, which represent a part of the curriculum reform with the purpose of:

- obtaining an understanding of the education process in accounting classes
- evaluating whether instruction follows the guidelines of the International Accounting Standards (IAS) or National Accounting Standards (NAS) as applicable
- evaluating the impact on students' understanding of the New Accounting System and the specific subjects covered during the courses
- making comments on the content, structure and atmosphere of classes as well as additional general comments

All instructors of the classes discussed in this report had participated in the 12-week "International Program in Accounting and Audit" conducted in Summer 1998 and 1999. The attended classes were offered in Romanian, Russian and English to students of various majors. In addition to sitting in on classes, each of the instructors were interviewed in order to obtain information on topics taught (covered), texts used as well as methods of instruction and performance evaluation. This information is summarized below along with the comments from the attendance.

Classes Attended:

1. The New Accounting System (two-week workshop for tax inspectors), Instructor Natalia Stratulat, Practicing Accountant, language of instruction - Russian
2. Financial Accounting, Instructor Adela Sandu, PhD Candidate, language of instruction - Romanian
3. Basic Accounting, Instructor Silvia Cojan, University Assistant, language of instruction - English
4. Financial Accounting, Instructor Ludmila Grabarovskaya, PhD Economics, language of instruction - Russian
5. Financial Analysis, Instructor Natalia Tsiriulnikova, PhD Economics, language of instruction - Romanian
6. Basic Accounting, Instructor Ana Vitiuc, University Lecturer, language of instruction - Romanian
7. Industry Accounting, Instructor Anatol Graur, PhD Candidate, language of instruction - Romanian
8. Auditing, Instructor Ana Vitiuc, PhD Candidate, language of instruction - Romanian
9. Managerial accounting, Instructor Ludmila Grabarovskaya, PhD Economics, language of instruction - Russian and Romanian
10. Comparative Accounting Systems, Instructor Viorel Tsurcanu, PhD, language of instruction - Romanian
11. Trade accounting, Instructor Natalia Zlatina, PhD, language of instruction - Romanian

General Comments:

Based on the site visits and the interviews with instructors the following is common for (characteristic of) all classes attended:

- instructors use ACAP's "The New Accounting System of Economic Entities of the Republic of Moldova" (vol.1 & 2) and "National Accounting Standards" as textbooks for their courses. Also, texts by Needles, Bernstein and several Romanian authors are utilized
- lectures, workshops (seminars), and tests/exams are based on the NAS
- instructors found the 12-week course of Summer 1998 and 1999 very useful and they constantly use materials from that course to prepare for classes
- course programs and formal examinations are approved by the Department of Accountancy of AESM
- distributing course programs (syllabus) to students at the beginning of the course is not practiced
- students are encouraged to use additional reading materials (textbooks, Contabilitate si Audit Magazine, etc.) to prepare for classes and expand their knowledge of accounting and NAS in particular
- the prevailing teaching methods are lecture sessions and workshops (seminars)
- students are taught to communicate information about economic transactions using account numbers (rather than account titles/descriptions)
- performance evaluation scheme in most cases is based on two written interim (midterm) tests and one final examination (either written or oral)
- instructors utilize informal evaluation of student performance through quizzes, reviews of students' notebooks, class participation assessment, etc.
- all testing, evaluation and assignments are based on class notes. Class notes appear to be the main source for student out-of-class preparation
- students appear knowledgeable on the issues discussed during the visits and show understanding of accrual, matching, and conservatism principles of accounting
- students appear to effectively operate with account numbers and t-accounts to communicate accounting information.

SUMMARY OF THE INTERNATIONAL ACCOUNTING AND AUDITING PROGRAM: SUMMER AND FALL 1998

The first step in education redesign was a 240-hour seminar “**INTERNATIONAL PROGRAM IN ACCOUNTING AND AUDITING**”. It was offered to accounting professors from various higher education universities and colleges throughout the country, as well as a few practitioners invited to bring in the field issues. The seminar was conducted twice: in summer - during June 29-August 7, and, as a result of high demand, offered again in fall - during September 21-December 11, 1998. The primary goal of the seminar was to bring the accounting professors up-to-date on all subjects of accounting based on IAS. The covered topics are the following:

Part I & II: ACCOUNTING PRINCIPLES and NATIONAL ACCOUNTING STANDARDS - 116 hrs,

taught by Thomas Tschetter and by a team of local professors;

Part III: MANAGERIAL COST ACCOUNTING - 40 hrs,

taught by Jerry Jennison and by a local professor;

Part IV: ACCOUNTING FOR INCOME TAX – 44 hrs,

taught by Lester Sweeting and by a team of local professors;

Part V: AUDITING- 40 hrs, *taught by a local professor.*

The authors of the New National Accounting Standards taught classes. The most difficult topics like Managerial Accounting and Tax accounting were covered by invited USA professors and volunteer executives. Language of teaching was Romanian and Russian. US textbooks translated into Russian along with each topic related handouts were distributed to participants:

1. Principles of accounting, 4th Edition, B. Needles (RU);
2. Cost Accounting, a Managerial Emphasis, 6th Edition, Ch. Horngren, G. Foster (RU);
3. Auditing, an Integrated Approach, 5th Edition, A. Arens, J. Loebbecke (RU);
4. New Accounting System, Volume 1, ACAP, MARP (RO);
5. National Accounting Standards and Chart of Accounts, published by “Contabilitate si Audit” magazine, #1, 2 of 1998 (RO/RU);
6. Brochure: Auditing, A. Kulikovski (RU)
7. File with handouts on each topic (RO/RU).

The general enrollment at both seminars totaled 119 participants, representing 12 main universities and colleges of Moldova, 5 governmental entities and 21 local companies.

96 of attendees successfully completed the seminar and passed 5 four-hour examinations given after each of the five provided accounting topics. Each exam was made more difficult with test scores going down each time, the passing grade being limited to 50% for each exam. The seminar’s average performance rounded to 75-77%. The best performance was shown for Principles of Accounting and the lowest – for Managerial Accounting. All successful participants were awarded certificates of graduation, signed by the Association of Accountants and Auditors of the Republic of Moldova, Ministry of Finance and MARP.

All participants showed a genuine satisfaction with the overall quality of the offered seminar. The average professor’s evaluations were very high, showing a 5,59 score out of 6,0.

As a result, all trained accounting professors teach new classes to university and college students, serve as instructors in training programs for Moldovan accounting practitioners and also provide additional paid consulting services to enterprises throughout Moldova, this way continually pushing the environment to higher levels of effort and accounting competency.

**Handout materials for participants of the seminar
International Accounting and Audit
June27– August 7, 1998**

Manuals, brochures and magazines:

1. Principles of Accounting, 4th Edition, B. Needles (RU)
2. Cost Accounting, a Managerial Emphasis, 6th Edition, Ch. Horngren, G. Foster (RU)
3. Auditing, an Integrated Approach, 5th Edition, A. Arens, J. Loebbecke (RU)
4. New Accounting System, Volume 1, ACAP, MARP (RO)
5. Brochure: Auditing, A. Kulikovski (RU)
6. File with materials, problems and solutions (RO/RU)

Materials:

Topic 1.

1. Accounting as an information system.
2. Main elements of the new accounting system

Topic 2.

3. Example of using various methods for calculation of cost of sales of inventories
4. Evaluation of inventories according NAS 2 «Inventories» (problems)

Topic 3.

5. Ready assets. Accounting for receivables

Topic 4.

6. Determination of the value of land and buildings
7. Procedure for determining initial value and accounting for receipt of fixed assets
8. Accounting for repair of fixed assets and subsequent capital expenditures
9. Withdrawal of assets due to complete depreciation
10. Accounting for disposal of fixed assets
11. Declining balance method
12. Procedure for accrual of depreciation for long-term tangible assets (draft of NAS 16)

Topic 5.

13. National Accounting Standard 13 «Accounting for intangible assets» (unofficial draft)

Topic 6.

14. NAS 23 «Borrowing costs» (example 1)
15. Borrowing costs. Solutions

Topic 7.

16. Classification of investments
17. Problems on accounting for investments
18. Solving problems on accounting for investments

Topic 8.

19. Accounting for loans
20. Solving problems on accounting for loans

Topic 9.

21. Financial accounting and its relation to managerial accounting

Topic 10.

22. Completion of the accounting cycle (slides)
23. Completion of the accounting cycle (problems)
24. Completion of the accounting cycle (solutions)

Topic 11.

- 25. Concept of accounting and financial statements (slides)
- 26. Correction table
- 27. Concept of accounting and financial statements (problems)
- 28. Concept of accounting and financial statements (solutions)
- 29. Income statement
- 30. Income statement (solutions)
- 31. Correction table of the enterprise «Victor»

Topic 12.

- 32. Accounting for owner's equity (problems)
- 33. Accounting for owner's equity (solutions)

Topic 13.

- 34. Cash flow statement (problems)
- 35. Cash flow statement (solutions)
- 36. "Plai" (Case study)
- 37. Turnover balance for the I quarter of 1998

Topic 14.

- 38. NAS 11 «Construction contracts» (unofficial draft)
- 39. Construction contracts (problems)
- 40. Extract from the article
- 41. Construction contracts (problems)
- 42. Construction contracts (solutions)

Topic 15.

- 43. Analysis of financial statements (problems)
- 44. Analysis of the financial situation

Topic 16.

- 45. National Accounting Standard 12
- 46. Slides

Topic 17.

- 47. Accounting for transactions in foreign currency (problems)
- 48. Accounting for transactions in foreign currency (solutions)

Topic 18.

- 49. Consolidated financial statements and accounting for investments in subsidiaries (problems)

**MOLDOVAN ACCOUNTING REFORM PROJECT
(USAID)**

***INTERNATIONAL PROGRAM IN ACCOUNTING AND AUDITING
June 29 - August 7, 1998***

**Academy of Economic Studies of Moldova
Building B, Room 701, 59 Mitropolitul Banulescu-Bodoni St.
Monday through Friday
8.30-17.00**

- Parts I and II: ACCOUNTING PRINCIPLES and
 NATIONAL ACCOUNTING STANDARDS.
 June 29 - July 17, 1998
 Exam #I - Tuesday, July 7, 1998; 8.30 - 12.45
 Exam #II - Friday, 17 July, 1998; 8.30 - 12.30**
- Part III: MANAGERIAL COST ACCOUNTING.
 July 20 - 24, 1998
 Exam # III - Friday, July 24, 1998; 12.30 - 16.30**
- Part IV: ACCOUNTING FOR INCOME TAX.
 July 27 - 31, 1998
 Exam # IV - Friday, July 31, 1998; 8.30 - 12.30**
- Part V: AUDITING.
 August 3 - 7, 1998
Exam # V - Friday, August 7, 1998; 10.45 - 13.15**

Parts I and II: ACCOUNTING PRINCIPLES and NATIONAL ACCOUNTING STANDARDS

<i>Day 1.</i>	<i>Monday, June 29, 1998</i>	<i># hours</i>	INSTRUCTOR
8.30-9.00	Registration		r. 807
9.00-9.15	Opening Remarks: Mr. M. Manoli , Mr. S. Chirca, Mr T. Tschetter		
9.15-10.30	Topic 1: Accounting as an Information System. The Basic Accounting Principles and their Relationship with the National Accounting Standards. 1.1 Accounting Information and Decision-Making. 1.2 Financial and Management Accounting.		Thomas Tschetter
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	1.3 Accounting Principles. NAS #1 “Accounting Policies”.	2	A. Nederita or R. Evsiucova
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 2: Inventory. 2.1 Inventory Measurement.	2	N. Stratulat
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	2.2 Inventory Evaluation.	1	N. Stratulat
<i>Day 2.</i>	<i>Tuesday, June 30, 1998</i>		
8.30-10.30	2.2 Inventory Evaluation. (continued)	2	N. Stratulat
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	2.2 Inventory Evaluation. (continued) NAS #2 “Inventories”.	2	N. Stratulat
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 3: Liquid Assets. Accounts Receivable.	2	A. Graur
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Liquid Assets. Accounts Receivable. (continued)	1	A. Graur
<i>Day 3.</i>	<i>Wednesday, July 1, 1998</i>		
8.30-10.30	Topic 4: Long-term Tangible Assets: Acquisition, Disposal and Depreciation. 4.1 Definition of Long-term Tangible Assets.	2	V. Bucur
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	4.2 Accounting for Acquisition and Disposal of Long-term Tangible Assets.	2	V. Bucur
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	4.3 Methods of Computing Accrued Depreciation.	2	V. Bucur
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	4.4 Control of Fixed Assets. NAS #16 “Accounting for Long-term Tangible Assets”.	1	V. Bucur
<i>Day 4.</i>	<i>Thursday, July 2, 1998</i>		
8.30-10.30	Topic 5: Long-term Assets: Accounting for Intangible Assets.	2	V. Bucur
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Long-term Assets: Accounting for Intangible Assets. (continued) NAS #13 “Accounting for Intangible Assets”.	2	V. Bucur
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 6: Short-term and Long-term Loans.	2	A. Nederita or R. Evsiucova
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	NAS #23 “Borrowing Costs”.	1	A. Nederita or R. Evsiucova
<i>Day 5.</i>	<i>Friday, July 3, 1998</i>		
8.30-10.30	Topic 7: Short-term and Long-term Investments. NAS #25 “Accounting for Investments ”. NAS #28 “Accounting for Investments in Associates”.	2	V. Turcanu
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	NAS #25 “Accounting for Investments ”. NAS #28 “Accounting for Investments in Associates” (continued).	2	V. Turcanu
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 8: Long-term Liabilities. 8.1 Nature of Bonds.	2	V. Turcanu

15.45-16.00	Coffee Break		
16.00-18.00	8.2 Accounting for Bonds Acquisition. 8.3 Issues related to the Accounting for Bonds.	2	V. Turcanu
Day 6.	Monday, July 6, 1998		
8.30-10.30	Topic 9: Accounting for Income and Expenses. (continued) 9.1 Recognition and Evaluation of Income.	2	A. Nederita or R. Evsiucova
10.30-10.45	Coffee Break		
10.45-12.45	9.2 Recognition and Evaluation of Income. NAS #18 "Income". (continued)	2	A. Nederita or R. Evsiucova
12.45-13.45	Lunch Break		1 st floor, Bl. A, AESM
13.45-15.45	9.3 Accounting for Costs and Expenses.	2	M. Caraus
15.45-16.00	Coffee Break		
16.00-18.00	NAS #3 "Composition of Costs and Expenses".	2	M. Caraus
Day 7.	Tuesday, July 7, 1998		
8.30-12.45	EXAM # I.	4	L. Grabarovscaia
12.45-13.45	Lunch Break		1 st floor, Bl. A, AESM
13.45-15.45	Topic 10: Completing the Accounting Cycle. 10.1 The Accounting System/Procedure.	2	L. Grabarovscaia
15.45-16.00	Coffee Break		
16.00-17.00	10.2 Steps in Preparing the Work Sheet. Uses of the Work Sheet.	1	L. Grabarovscaia
Day 8.	Wednesday, July 8, 1998		
8.30-10.30	Topic 10: Completing the Accounting Cycle. 10.2 Steps in Preparing the Work Sheet. Uses of the Work Sheet. (continued)	2	L. Grabarovscaia
10.30-10.45	Coffee Break		
10.45-12.45	10.3 Reversing Entries.	2	L. Grabarovscaia
12.45-13.45	Lunch Break		1 st floor, Bl. A, AESM
13.45-15.45	Topic 11. Accounting Concepts and Financial Reporting. 11.1 Objectives and Qualitative Elements of Accounting Information. 11.2 Assumptions, helping to Read Financial Information.	2	L. Grabarovscaia
15.45-16.00	Coffee Break		
16.00-17.00	11.3 Balance Sheet.	1	L. Grabarovscaia
Day 9.	Thursday, July 9, 1998		
8.30-10.30	11.3 Balance Sheet. (continued) NAS #5 "Presentation of Financial Statements".	2	L. Grabarovscaia
10.30-10.45	Coffee Break		
10.45-11.45	11.3 Balance Sheet. (continued) NAS #5 "Presentation of Financial Statements".	2	L. Grabarovscaia
12.45-13.45	Lunch Break		1 st floor, Bl. A, AESM
13.45-15.45	11.3 Balance Sheet. (continued) NAS #5 "Presentation of Financial Statements".	2	L. Grabarovscaia
15.45-16.00	Coffee Break		
16.00-17.00	11.3 Balance Sheet. (continued) NAS #5 "Presentation of Financial Statements".	1	L. Grabarovscaia
Day 10.	Friday, July 10, 1998		
8.30-10.30	11.4 Income Statement. (continued) NAS #5 "Presentation of Financial Statements".	2	V. Paladi
10.30-10.45	Coffee Break		
10.45-11.45	11.4 Income Statement. (continued) NAS#5 "Presentation of Financial Statements".	2	V. Paladi
12.45-13.45	Lunch Break		1 st floor, Bl. A, AESM
13.45-15.45	Topic 12: Paid-in Capital. 12.1 Owners' Equity Structure. 12.2 Accounting for Shares.	2	A. Graur
15.45-16.00	Coffee Break		
16.00-17.00	12.3 Statement of Movements in Owners' Equity.	1	A. Graur

Parts I and II: ACCOUNTING PRINCIPLES and NATIONAL ACCOUNTING STANDARDS

Day 11.	Monday, July 13, 1998	# hours	Instructor
8.30-10.30	Topic 13: Cash Flow Statement. 13.1 Cash Flow Statement Objectives, Destination and Structure.	2	L. Gavriluc
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	13.2 Cash Flow Statement Preparation. NAS #7 “Cash Flow Statement”.	2	L. Gavriluc
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 14: NAS #11 “Construction Contracts”.	2	A. Graur
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 14: NAS #11 “Construction Contracts”. (continued)	1	A. Graur
Day 12.	Tuesday, July 14, 1998		
8.30-10.30	Topic 15: Financial Analysis.	2	V. Paladi
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 15: Financial Analysis. (continued)	2	V. Paladi
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 16: NAS #12 “Accounting for Income Tax”.	2	T. Prisacari
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 16: NAS #12 “Accounting for Income Tax”. (continued)	1	T. Prisacari
Day 13.	Wednesday, July 15, 1998		
8.30-10.30	Topic 16: NAS #12 “Accounting for Income Tax”. (continued)	2	T. Prisacari
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 16: NAS #12 “Accounting for Income Tax”. (continued)	2	T. Prisacari
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 17: Accounting for Currency Transactions. NAS#21 “Consequences of Currency Exchange Rate Fluctuations”.	2	L. Grabarovscaia
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 17: Accounting for Currency Transactions. NAS#21 “Consequences of Currency Exchange Rate Fluctuations”. (continued)	1	L. Grabarovscaia
Day 14.	Thursday, July 16, 1998		
8.30-10.30	Topic 18: Consolidated Financial Reporting. NAS #27 “Consolidated Financial Reporting and Accounting for Investments in Subsidiaries”.	2	V. Paladi
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 18: Consolidated Financial Reporting. NAS #27 “Consolidated Financial Reporting and Accounting for Investments in Subsidiaries”. (continued)	2	V. Paladi
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 18: Consolidated Financial Reporting. NAS #27 “Consolidated Financial Reporting and Accounting for Investments in Subsidiaries”. (continued)	2	V. Paladi
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 18: Consolidated Financial Reporting. NAS #27 “Consolidated Financial Reporting and Accounting for Investments in Subsidiaries”. (continued)	1	V. Paladi
Day 15.	Friday, July 17, 1998		
8.30-12.30	EXAM #II.	4	V. Paladi
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Conclusions.	2	V. Paladi L. Grabarovscaia
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Conclusions.	1	V. Paladi L. Grabarovscaia

Part III: MANAGERIAL COST ACCOUNTING.

<i>Monday, July 20, 1998</i>		<i># hours</i>	<i>Instructor</i>
8.30-10.30	Topic 1: Introduction to Managerial Cost Accounting. Differences between Managerial Cost Accounting and Financial Accounting.	2	V. Bucur
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 2: Classification of Costs.	2	V. Bucur
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 2: Classification of Costs. (continued)	2	V. Bucur
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 2: Classification of Costs. (continued)	1	V. Bucur
<i>Tuesday, July 21, 1998</i>			
8.30-10.30	Topic 3: CVP Analysis.	2	V. Bucur
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 3: CVP Analysis. (continued)	2	V. Bucur
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 3: CVP Analysis. (continued)	2	V. Bucur
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 3: CVP Analysis. (continued)	1	V. Bucur
<i>Wednesday, July 22, 1998</i>			
8.30-10.30	Topic 4: Production Costs.	2	V. Bucur
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 4: Production Costs. (continued)	2	V. Bucur
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 5: Responsibility and Budget Accounting.	2	Jerry Jennison
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 5: Responsibility and Budget Accounting. (continued)	1	Jerry Jennison
<i>Thursday, July 23, 1998</i>			
8.30-10.30	Topic 6: Flexible Budgets and variances.	2	Jerry Jennison
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 6: Flexible Budgets and variances. (continued)	2	Jerry Jennison
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 7: Income Statements under Alternative Costing Methods.	2	Jerry Jennison
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 7: Income Statements under Alternative Costing Methods. (continued)	1	Jerry Jennison
<i>Friday, July 24, 1998</i>			
11.30-12.30	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
12.30-16.30	TEST III.	4	V. Bucur Jerry Jennison

Part IV: ACCOUNTING FOR INCOME TAX.

<i>Monday, July 27, 1998</i>		<i># hours</i>	<i>Instructor</i>
8.30-10.30	Topic 1: Introduction to the Tax Code	2	SWEETING
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 2: Income Taxes - Title II of the Code - Physical Persons	2	SWEETING
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 3: What is income? Business Taxpayers	2	SWEETING
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Topic 4: Profits and Expenses	1	SWEETING
<i>Tuesday, July 28, 1998</i>			
8.30-10.30	Capital Gains and Losses	2	SWEETING
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Topic 5: Special classes of taxpayers	2	SWEETING
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Topic 6: Taxing Capital in and out - investments and pensions	2	SWEETING
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Nonresidents, new residents and expatriates	1	SWEETING
<i>Wednesday, July 29, 1998</i>			
9.30-10.30	Note later starting time! Advance Corporate Tax, Credits and Filing the Return	2	SWEETING
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Withholding of Taxes on Payments	2	SWEETING
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Penalties and Administration	2	SWEETING
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	National Accounting Standard 12 - Accounting for Income Tax	1	SWEETING
<i>Thursday, July 30, 1998</i>			
8.30-10.30	Accounting for Expenses	2	SWEETING
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Accounting for Expenses	2	SWEETING
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Accounting for Expenses	2	SWEETING
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Wrap - up and Questions	1	SWEETING
<i>Friday, July 31, 1998</i>			
8.30-12.30	EXAM #IV.	4	
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45		2	
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00		1	

Part V: AUDIT

<i>Monday, August 3, 1998</i>		<i># hours</i>	<i>Instructor</i>
8.30-10.30	An Overview of Auditing. Historic Evolution of Auditing. Development of Auditor's Profession. Generally Accepted Audit Standards	2	Ala Kulikovski
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	National Standards of Audit. Essence of Audit. Audit Process.	2	Ala Kulikovski
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Auditor's Profession. Auditor's Access. Licensing Procedures.	2	Ala Kulikovski
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Planning of Annual Financial Statements Audit.	1	Ala Kulikovski
<i>Tuesday, August 4, 1998</i>			
8.30-10.30	Development of the Audit Program. Auditing Systems.	2	Ala Kulikovski
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Audit Sampling for Tests. Problems and Case Studies.	2	Ala Kulikovski
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Professional Ethics.	2	Ala Kulikovski
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Problems and Case Studies.	1	Ala Kulikovski
<i>Wednesday, August 5, 1998</i>			
8.30-10.30	Auditing of Annual Financial Statements.	2	Ala Kulikovski
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Auditing Cycle.	2	Ala Kulikovski
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Auditing Procedures. Problems and Case Studies.	2	Ala Kulikovski
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Working papers. Problems and Case Studies.	1	Ala Kulikovski
<i>Thursday, August 6, 1998</i>			
8.30-10.30	Working papers. Problems and Case Studies.	2	Ala Kulikovski
10.30-10.45	<i>Coffee Break</i>		
10.45-12.45	Audit Findings.	2	Ala Kulikovski
12.45-13.45	<i>Lunch Break</i>		1 st floor, Bl. A, AESM
13.45-15.45	Audit Findings.	2	Ala Kulikovski
15.45-16.00	<i>Coffee Break</i>		
16.00-17.00	Audit Report. Audit Results.	1	Ala Kulikovski
<i>Friday, August 7, 1998</i>			
8.30-10.30	Other Audit.	2	Ala Kulikovski
10.30-10.45	<i>Coffee Break</i>		
10.45-13.15	EXAM V.	2.5	Ala Kulikovski
13.15-14.30	<i>Special Lunch</i>		1 st floor, Bl. A, AESM
14.30-15.00	Results of the EXAM V.	0.5	Ala Kulikovski
15.00-15.30	Certificates Awarding to Successful Participants.		Thomas J. Tschetter

**MOLDOVAN ACCOUNTING REFORM PROJECT
(USAID)**

INTERNATIONAL PROGRAM IN ACCOUNTING AND AUDITING
September 21 - December 11, 1998

**Academy of Economic Studies of Moldova
Building B, Room 701, 59 Mitropolitul Banulescu-Bodoni St.
Monday through Friday
8.00-12.15**

**Parts I and II: ACCOUNTING PRINCIPLES and
NATIONAL ACCOUNTING STANDARDS.**
September 21 - October 30, 1998
Exam #I - Friday, October 9, 1998; 8.00 - 12.00
Exam #II - Friday, October 30, 1998; 8.00 - 12.00

Part III: MANAGERIAL COST ACCOUNTING.
November 2 - November 13, 1998
Exam # III - Friday, November 13, 1998; 8.00 - 12.00

Part IV: ACCOUNTING FOR INCOME TAX.
November 16 - November 27, 1998
Exam # IV - Friday, November 27, 1998; 8.00 - 12.00

Part V: AUDITING.
November 30 - December 11, 1998
Exam # V - Friday, December 11, 1998; 8.00 - 12.00

Parts I and II: ACCOUNTING PRINCIPLES and NATIONAL ACCOUNTING STANDARDS.

Day 1.	Monday, September 21, 1998	# hours	Instructor
8.00-9.00	Registration		r. 807
9.00-9.15	Topic 1: Accounting as an Information System. The Basic Accounting Principles and their Relationship with the National Accounting Standards. 1.1 Accounting Information and Decision-Making. 1.2 Financial and Management Accounting.		A. Thomas Tschetter
9.15-10.00	1.3 Accounting Principles. NAS #1 "Accounting Policies".	1	B. Nederita or R. Evsiucova
10.00-10.15	<i>Coffee Break</i>		1 st floor, Bl. A, AESM
10.15-12.15	1.3 Accounting Principles. NAS #1 "Accounting Policies".	2	A. Nederita or R. Evsiucova
Day 2.	Tuesday, September 22, 1998		
8.00-10.00	Topic 2: Long-term Tangible Assets: Acquisition, Disposal and Depreciation. 2.1 Definition of Long-term Tangible Assets.	2	V. Bucur
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	2.2 Accounting for Acquisition and Disposal of Long-term Tangible Assets.	2	V. Bucur
Day 3.	Wednesday, September 23, 1998		
8.00-10.00	2.3 Methods of Computing Accrued Depreciation.	2	V. Bucur
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	2.3 Methods of Computing Accrued Depreciation. <i>(continued)</i>	2	V. Bucur
Day 4.	Thursday, September 24, 1998		
8.00-10.00	2.4 Control over Fixed Asset. NAS #16 "Accounting for Long-term Tangible Assets"	2	V. Bucur
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Topic 3: Long-term Assets: Accounting for Intangible Assets.	2	V. Bucur
Day 5.	Friday, September 25, 1998		
8.00-10.00	Topic 3: Long-term Assets: Accounting for Intangible Assets. (continued) NAS #13 "Accounting for Intangible Assets".	2	V. Bucur
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Topic 4: Liquid Assets: Inventory. 4.1 Inventory Measurement.	2	N. Stratulat
Day 6.	Monday, September 28, 1998		
8.00-10.00	4.2 Inventory Evaluation.	2	N. Stratulat
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	4.2 Inventory Evaluation. <i>(continued)</i>	2	N. Stratulat
Day 7.	Tuesday, September 29, 1998		
8.00-10.00	4.2 Inventory Evaluation. <i>(continued)</i>	4	N. Stratulat
10.00-10.15	<i>Coffee Break</i>		1 st floor, Bl. A, AESM
10.15-12.15	4.2 Inventory Evaluation. <i>(continued)</i> NAS #2 "Inventories".	2	N. Stratulat
Day 8.	Wednesday, September 30, 1998		
8.00-10.00	Topic 5: Liquid Assets: Accounts Receivable.	2	A. Graur
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Topic 5: Liquid Assets: Accounts Receivable. (continued)	2	A. Graur
Day 9.	Thursday, October 1, 1998		
8.00-10.00	Topic 6: Short-term and Long-term Investments. NAS #25 "Accounting for Investments". NAS #28 "Accounting for Investments in Associates".	2	V. Turcanu
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Topic 6: Short-term and Long-term Investments. (continued)	2	V. Turcanu
Day 10.	Friday, October 2, 1998		
8.00-10.00	Topic 6: Short-term and Long-term Investments. (continued) NAS #25 "Accounting for Investments". NAS #28 "Accounting for Investments in Associates".	2	V. Turcanu
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Topic 6: Short-term and Long-term Investments. (continued)	2	V. Turcanu
Day 11.	Monday, October 5, 1998		
8.00-10.00	Topic 7: Long-term Liabilities.	2	V. Turcanu

	7.1 Nature of Bonds.		
10.00-10.15	Coffee Break		
10.15-12.15	7.2 Accounting for Bonds Acquisition. 7.3 Issues related to the Accounting for Bonds.	2	V. Turcanu
Day 12. Tuesday, October 6, 1998			
8.00-10.00	Topic 8: Short-term and Long-term Loans.	2	A. Nederita or R. Evsiucova
10.00-10.15	Coffee Break		
10.15-12.15	NAS #23 "Borrowing Costs".	2	A. Nederita or R. Evsiucova
Day 13. Wednesday, October 7, 1998			
8.00-10.00	Topic 9: Accounting for Income and Expenses. (continued) 9.1 Recognition and Evaluation of Income.	2	A. Nederita or R. Evsiucova
10.00-10.15	Coffee Break		
10.15-12.15	9.2 Recognition and Evaluation of Income. NAS #18 "Income". (continued)	2	A. Nederita or R. Evsiucova
Day 14. Thursday, October 8, 1998			
8.00-10.00	9.3 Accounting for Costs and Expenses.	2	N. Stratulat
10.00-10.15	Coffee Break		
10.15-12.15	9.3 Accounting for Costs and Expenses. NAS #3 "Composition of Costs and Expenses".	2	N. Stratulat
Day 15. Friday, October 9, 1998			
8.00-12.00	EXAM # I.	4	L. Grabarovscaia
Day 16. Monday, October 12, 1998			
8.00-10.00	Topic 10: Paid-in Capital. 10.1 Owners' Equity Structure.	2	A. Graur
10.00-10.15	Coffee Break		
10.15-12.15	10.2 Accounting for Shares. 10.3 Statement of Movements in Owners' Equity.	2	A. Graur
Day 17. Tuesday, October 13, 1998			
8.00-10.00	Topic 11: NAS #11 "Construction Contracts".	2	A. Graur
10.00-10.15	Coffee Break		
10.15-12.15	Topic 11: NAS #11 "Construction Contracts". (continued)	2	A. Graur
Day 18. Wednesday, October 14, 1998			
8.00-10.00	Topic 11: NAS #11 "Construction Contracts". (continued)	2	A. Graur
10.00-10.15	Coffee Break		
10.15-12.15	Topic 11: NAS #11 "Construction Contracts". (continued)	2	A. Graur
Day 19. Thursday, October 15, 1998			
8.00-10.00	Topic 12: NAS #12 "Accounting for Income Tax".	2	T. Prisacari
10.00-10.15	Coffee Break		
10.15-12.15	Topic 12: NAS #12 "Accounting for Income Tax". (continued)	2	T. Prisacari
Day 20. Friday, October 16, 1998			
8.00-10.00	Topic 12: NAS #12 "Accounting for Income Tax". (continued)	2	T. Prisacari
10.00-10.15	Coffee Break		
10.15-12.15	Topic 12: NAS #12 "Accounting for Income Tax". (continued)	2	T. Prisacari
Day 21. Monday, October 19, 1998			
8.00-10.00	Topic 12: NAS #12 "Accounting for Income Tax". (continued)	2	T. Prisacari
10.00-10.15	Coffee Break		
10.15-12.15	Topic 12: NAS #12 "Accounting for Income Tax". (continued)	2	T. Prisacari
Day 22. Tuesday, October 20, 1998			
8.00-10.00	Topic 13: Accounting Concepts and Financial Reporting. 13.1 Accounting Procedure as an Internal System.	2	L. Grabarovscaia
10.00-10.15	Coffee Break		
10.15-12.15	13.2 Steps in Preparing the Work Sheet. Uses of the Work Sheet.	2	L. Grabarovscaia
Day 23. Wednesday, October 21, 1998			
8.00-10.00	Topic 14: Cash Flow Statement. 14.1 Cash Flow Statement Objectives, Destination and Structure.	2	L. Gavriliuc
10.00-10.15	Coffee Break		
10.15-12.15	14.2 Cash Flow Statement Preparation. NAS #7 "Cash Flow Statement".	2	L. Gavriliuc

Day 24. Thursday, October 22, 1998			
8.00-10.00	13.3 Balance Sheet. NAS #5 “Presentation of Financial Statements”.	2	L. Grabarovscaia
10.00-10.15	Coffee Break		
10.15-12.15	13.3 Balance Sheet. (continued) NAS #5 “Presentation of Financial Statements”.	2	L. Grabarovscaia
Day 25. Friday, October 23, 1998			
8.00-10.00	13.3 Balance Sheet. (continued)	2	L. Grabarovscaia
10.00-10.15	Coffee Break		
10.15-11.15	13.3 Balance Sheet. (continued)	2	L. Grabarovscaia
Day 26. Monday, October 26, 1998			
8.00-10.00	13.4 Income Statement. (continued) NAS #5 “Presentation of Financial Statements”.	2	V. Paladi
10.00-10.15	Coffee Break		
10.15-12.15	13.4 Income Statement. (continued) NAS#5 “Presentation of Financial Statements”.	2	V. Paladi
Day 27. Tuesday, October 27, 1998			
8.00-10.00	Topic 15: Financial Analysis.	2	V. Paladi
10.00-10.15	Coffee Break		
10.15-12.15	Topic 15: Financial Analysis. (continued)	2	V. Paladi
Day 28. Wednesday, October 28, 1998			
8.00-10.00	Topic 16: Consolidated Financial Reporting. NAS #27 “Consolidated Financial Reporting and Accounting for Investments in Subsidiaries”.	2	V. Paladi
10.00-10.15	Coffee Break		
10.15-12.15	Topic 16: Consolidated Financial Reporting. NAS #27 “Consolidated Financial Reporting and Accounting for Investments in Subsidiaries”. (continued)	2	V. Paladi
Day 29. Thursday, October 29, 1998			
8.00-10.15	Topic 17: Accounting for Currency Transactions. NAS#21 “Consequences of Currency Exchange Rate Fluctuations”.	2	L. Grabarovscaia
10.00-10.15	Coffee Break		
10.15-12.15	Topic 17: Accounting for Currency Transactions. NAS#21 “Consequences of Currency Exchange Rate Fluctuations”. (continued)	2	L. Grabarovscaia
Day 30. Friday, October 30, 1998			
8.00-12.00	EXAM # II.	4	V. Paladi

Part III: MANAGERIAL COST ACCOUNTING.

<i>Day 31.</i>	<i>Monday, November 2, 1998</i>	<i># hours</i>	<i>Instructor</i>
8.00-10.00	Topic 1: Essence and elements of Managerial Cost Accounting.	2	V. Bucur
10.00-10.15	Coffee Break		
10.15-12.15	Topic 2: Classification of Costs (expenses) 2.1 Notion of costs (expenses) 2.2 Variable and constant costs (expenses) 2.3 Costs (expenses) for product and period	2	V. Bucur
<i>Day 32.</i>	<i>Tuesday, November 3, 1998</i>		
8.00-10.00	Topic 3: CVP Analysis 3.1 Breakeven point 3.2 CVP Assumptions	2	V. Bucur
10.00-10.15	Coffee Break		
10.15-12.15	Topic 3: CVP Analysis 3.3 CVP Relations	2	V. Bucur
<i>Day 33.</i>	<i>Wednesday, November 4, 1998</i>		
8.00-10.00	Topic 3: CVP Analysis 3.4 PV Chart 3.5 Role of income tax	2	V. Bucur
10.00-10.15	Coffee Break		
10.15-12.15	Topic 4: Budgets and standards as keys to planning and control 4.1 Master Budget and responsibility accounting	2	V. Bucur
<i>Day 34.</i>	<i>Thursday, November 5, 1998</i>		
8.00-10.00	4.2 Flexible budgets and standards	2	V. Bucur
10.00-10.15	Coffee Break		
10.15-12.15	4.2 Flexible budgets and standards(continued)	2	V. Bucur
<i>Day 35.</i>	<i>Friday, November 6, 1998</i>		
8.00-10.00	Income Effects as cost accounting and CP calculation	2	V. Bucur
10.00-10.15	Coffee Break		
10.15-12.15	Topic 5: Calculation Methods 5.1 Accounting and calculation objectives 5.2 Cost Allocation	2	V. Turcanu
<i>Day 36.</i>	<i>Monday, November 9, 1998</i>		
8.00-10.00	5.3 Job Costing	2	V. Turcanu
10.00-10.15	Coffee Break		
10.15-12.15	5.4 Operation Costing	2	V. Turcanu
<i>Day 37.</i>	<i>Tuesday, November 10, 1998</i>		
8.00-10.00	5.5 Standard-cost	2	V. Turcanu
10.00-10.15	Coffee Break		
10.15-12.15	5.6 Calculation of complete cost using variable cost method (direct - cost)	2	V. Turcanu
<i>Day 38.</i>	<i>Wednesday, November 11, 1998</i>		
8.00-10.00	5.6 Calculation of complete cost using variable cost method (direct - cost) (continued)	2	V. Turcanu
10.00-10.15	Coffee Break		
10.15-12.15	Topic 6: Costs and Decision making 6.1 Influence of a cost calculation method on profit	2	V. Turcanu
<i>Day 39.</i>	<i>Thursday, November 12, 1998</i>		
8.00-10.00	6.2 Cost Modification 6.3 Pricing	2	V. Turcanu
10.00-10.15	Coffee Break		
10.15-12.15	6.4 Choosing a Valuation Method 6.5 Internal Control	2	V. Turcanu
<i>Day 40.</i>	<i>Friday, November 13, 1998</i>		
8.00-12.00	TEST # III.	4	

Part IV: ACCOUNTING FOR INCOME TAX.

<i>Day 41.</i>	<i>Monday, November 16, 1998</i>	<i># hours</i>	<i>Instructor</i>
8.00-10.00	Topic 1: Introduction to the Moldovan Tax Code. General Provisions.	2	Lester SWEETING
10.00-10.15	Coffee Break		
10.15-12.15	Topic 2: Income Taxes. General Provisions	2	T. Prisacari
<i>Day 42.</i>	<i>Tuesday, November 17, 1998</i>		
8.00-10.00	Topic 3: Taxable Income Sources	2	T. Prisacari
10.00-10.15	Coffee Break		
10.15-12.15	Topic 4: Nontaxable Income Sources	2	T. Prisacari
<i>Day 43.</i>	<i>Wednesday, November 18, 1998</i>		
8.00-10.00	Topic 5: Income Tax on Individuals. Payment Sources Taxation	2	Lester SWEETING
10.00-10.15	Coffee Break		
10.15-12.15	Topic 5 (continued)	2	Lester SWEETING
<i>Day 44.</i>	<i>Thursday, November 19, 1998</i>		
8.00-10.00	Topic 6: Deductions and Exemptions	2	I. Zaharcenco
10.00-10.15	Coffee Break		
10.15-12.15	Topic 6 (continued)	2	I. Zaharcenco
<i>Day 45.</i>	<i>Friday, November 20, 1998</i>		
8.00-10.00	Topic 6 (continued)	2	I. Zaharcenco
10.00-10.15	Coffee Break		
10.15-12.15	Topic 7: Capital Gains and Losses	1	I. Zaharcenco
	Topic 8: According Rules	1	I. Zaharcenco
<i>Day 46.</i>	<i>Monday, November 23, 1998</i>		
8.00-10.00	Practice.	2	T. Prisacari
10.00-10.15	Coffee Break		
10.15-12.15	Topic 9: Selected types of Tax Payers	2	Lester SWEETING
<i>Day 47.</i>	<i>Tuesday, November 24, 1998</i>		
8.00-10.00	Topic 9: Selected types of Tax Payers	2	Lester SWEETING
10.00-10.15	Coffee Break		
10.15-12.15	Topic 10: Income Tax Administration	2	Lester SWEETING
<i>Day 48.</i>	<i>Wednesday, November 25, 1998</i>		
8.00-10.00	Topic 11: Tax Code, Section III "Value Added Tax"	2	Lester SWEETING
10.00-10.15	Coffee Break		
10.15-12.15	Topic 11 (continued)	2	Lester SWEETING
<i>Day 49.</i>	<i>Thursday, November 26, 1998</i>		
8.00-10.00	Topic 11: Tax Code, Section III "Value Added Tax"	2	Lester SWEETING
10.00-10.15	Coffee Break		
10.15-12.15	Topic 11 (continued)	2	Lester SWEETING
<i>Day 50.</i>	<i>Friday, November 27, 1998</i>		
8.00-12.00	Topic 11. Practice.	2	T. Prisacari, I. Zaharcenco
10.00-10.15	Coffee Break		
10.15-12.15	Practice.	2	T. Prisacari, I. Zaharcenco
<i>Day 51.</i>	<i>Saturday, November 28, 1998</i>		
8.00-12.00	TEST # IV.	4	

Part V: AUDIT.

<i>Day 52.</i>	<i>Monday, November 30, 1998</i>	<i># hours</i>	<i>Instructor</i>
8.00-10.00	I. An Overview of Auditing. Historic Evolution of Auditing. Development of Auditor's Profession. Generally Accepted Audit Standards	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Essence of Audit. Practice.	2	Ala Kulikovski
<i>Day 53.</i>	<i>Tuesday, December 1, 1998</i>		
8.00 -10.00	II. Planning of Annual Financial Statements Audit. Essence of Planning.	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Development of the Audit Program. Planning of Personnel. Scheduling of Annual Financial Statements Preparation.	2	Ala Kulikovski
<i>Day 54.</i>	<i>Wednesday, December 2, 1998</i>		
8.00-10.00	III. Professional Ethics. Practice.	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	IV. Auditing of Annual Financial Statements. Essential steps of Audit. Sources of Fixed Assets of an Enterprise.	2	Ala Kulikovski
<i>Day 55.</i>	<i>Thursday, December 3, 1998</i>		
8.00-10.00	Control of Stocks and Expenses. Control of Production Costs.	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	V. Working papers.	2	Ala Kulikovski
<i>Day 56.</i>	<i>Friday, December 4, 1998</i>		
8.00-10.00	VI. Audit Findings.	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Audit Findings (<i>continued</i>).	2	Ala Kulikovski
<i>Day 57.</i>	<i>Monday, December 7, 1998</i>		
8.00-10.00	VII. Audit Report.	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	VIII. Audit Results.	2	Ala Kulikovski
<i>Day 58.</i>	<i>Tuesday, December 8, 1998</i>		
8.00-10.00	IX. Typical errors discovered during audit.	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Typical errors discovered during audit (<i>continued</i>).	2	Ala Kulikovski
<i>Day 59.</i>	<i>Wednesday, December 9, 1998</i>		
8.00-10.00	X. Other Audit.	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Case Study.	2	Ala Kulikovski
<i>Day 60.</i>	<i>Thursday, December 10, 1998</i>		
8.00-10.00	Case Study.	2	Ala Kulikovski
10.00-10.15	<i>Coffee Break</i>		
10.15-12.15	Conclusion of the Course.	2	Ala Kulikovski
<i>Day 61.</i>	<i>Friday, December 11, 1998</i>		
8.00-11.00	EXAM V.	3	Ala Kulikovski
11.00-12.00	Results of the EXAM V.	1	Ala Kulikovski

OUTLINE FOR SEMINAR
“INTERNATIONAL PROGRAM IN ACCOUNTING AND AUDITING”
(See PUB # 1 ROM)

June 29 - August 7, 1998

PARTS I AND II: ACCOUNTING PRINCIPLES AND NATIONAL ACCOUNTING STANDARDS.

- Topic 1. Accounting as an Information System. The Basic Accounting Principles and their Relationship with the National Accounting Standards.**
1.1. Accounting Information and Decision Making.
1.2. Financial and Management Accounting.
1.3. Accounting Principles. NAS #1 “Accounting Policies”.
- Topic 2. Inventory.**
2.1. Inventory Measurement.
2.2. Inventory Evaluation. NAS #2 “Inventories”.
- Topic 3. Liquid Assets. Accounts Receivable.**
- Topic 4. Long-term Tangible Assets: Acquisition, Disposal and Depreciation.**
4.1. Definition of Long-Term Tangible Assets.
4.2. Accounting for Acquisition and Disposal of Long-Term Tangible Assets.
4.3. Methods of Computing Accrued Depreciation.
4.4. Control of Fixed Assets. NAS #16 “Accounting for Long-Term Tangible Assets”.
- Topic 5. Long-Term Assets: Accounting for Intangible Assets. NAS #13 “Accounting for Intangible Assets”.**
- Topic 6. Short-Term and Long-Term Loans. NAS #23 “Borrowing Costs”.**
- Topic 7. Short-Term and Long-Term Investments. NAS #25 “Accounting for Investments”. NAS #28 “Accounting for Investments in Associates”.**
- Topic 8. Long-term Liabilities**
8.1. Nature of Bonds
8.2. Accounting for Bonds Acquisition
8.3. Issues related to the Accounting for Bonds
- Topic 9. Accounting for Income and Expenses**
9.1. Recognition and Evaluation of Income
9.2. Recognition and Evaluation of Income. NAS #18 “Income”
9.3. Accounting for Costs and Expenses. NAS #3 “Composition of Costs and Expenses”
- TEST # I**
- Topic 10. Completing the Accounting Cycle**
10.1. The Accounting System/Procedure
10.2. Steps in Preparing the Work Sheet. Uses of the Work Sheet
10.3. Reversing Entries
- Topic 11. Accounting Concepts and Financial Reporting**
11.1. Objectives and Qualitative Elements of Accounting Information
11.2. Assumptions, helping to Read Financial Information
11.3. Balance Sheet. NAS #5 “Presentation of Financial Statements”
11.4. Income Statement. (*continued*). NAS #5 “Presentation of Financial Statements”
- Topic 12. Paid-in Capital.**
12.1. Owners’ Equity Structure
12.2. Accounting for Shares
12.3. Statement of Movements in Owners’ Equity
- Topic 13. Cash Flow Statement.**
13.1. Cash Flow Statement Objectives, Destination and Structure
13.2. Cash Flow Statement Preparation. NAS #7 “Cash Flow Statement”
- Topic 14. NAS #11 “Construction Contracts”.**
- Topic 15. Financial Analysis.**
- Topic 16. NAS #12 “Accounting for Income Tax”.**
- Topic 17. Accounting for Currency Transactions. NAS#21 “Consequences of Currency Exchange Rate Fluctuations”.**
- Topic 18. Consolidated Financial Reporting. NAS #27 “Consolidated Financial Reporting and Accounting for Investments in Subsidiaries”.**
- TEST #II.**

PART III: MANAGERIAL COST ACCOUNTING.

- Topic 1. Introduction to Managerial Cost Accounting. Differences between Managerial Cost Accounting and Financial Accounting.**
- Topic 2. Classification of Costs.**
- Topic 3. CVP Analysis.**
- Topic 4. Production Costs.**
- Topic 5. Responsibility and Budget Accounting.**
- Topic 6. Bugete flexible si variante.**
- Topic 7. Income Statements under Alternative Costing Methods.**

TEST III.

PART IV: ACCOUNTING FOR INCOME TAX.

- Topic 1. Introduction to the Tax Code**
- Topic 2. Income Taxes - Title II of the Code - Physical Persons**
- Topic 3. What is income? Business Taxpayers**
- Topic 4. Profits and Expenses**
 - 4.1. Capital Gains and Losses
- Topic 5. Special classes of taxpayers**
- Topic 6. Taxing Capital in and out - investments and pensions**
 - 6.1. Nonresidents, new residents and expatriates
 - 6.2. Note later starting time! Advance Corporate Tax, Credits and Filing the Return
 - 6.3. Withholding of Taxes on Payments
 - 6.4. Penalties and Administration
 - 6.5. National Accounting Standard 12 - Accounting for Income Tax
 - 6.6. Accounting for Expenses
 - 6.7. Accounting for Expenses
- Topic 7. Wrap-up and Questions**

TEST #IV.

PART V: AUDIT

- Topic 1. An Overview of Auditing**
 - 1.1. Historic Evolution of Auditing
 - 1.2. Development of Auditor's Profession
 - 1.3. Generally Accepted Audit Standards
 - Topic 2. National Standards of Audit**
 - 2.1. Essence of Audit
 - 2.2. Audit Process
 - Topic 3. Auditor's Profession. Auditor's Access**
 - 3.1. Licensing Procedures.
 - Topic 4. Planning of Annual Financial Statements Audit**
 - Topic 5. Development of the Audit Program. Auditing Systems**
 - Topic 6. Audit Sampling for Tests. Problems and Case Studies**
 - Topic 7. Professional Ethics**
 - Topic 8. Problems and Case Studies**
 - Topic 9. Auditing of Annual Financial Statements**
 - Topic 10. Auditing Cycle**
 - Topic 11. Auditing Procedures. Problems and Case Studies**
 - Topic 12. Working papers. Problems and Case Studies**
 - Topic 13. Audit Findings**
 - Topic 14. Audit Report. Audit Results**
 - Topic 15. Other Audit**
- TEST V.**

OUTLINE FOR SEMINAR
“INTERNATIONAL PROGRAM IN ACCOUNTING AND AUDITING”
(See PUB # 1 ROM)

September 21 – December 11, 1998

PARTS I AND II: ACCOUNTING PRINCIPLES AND NATIONAL ACCOUNTING STANDARDS.

- Topic 1. Accounting as an Information System. The Basic Accounting Principles and their Relationship with the National Accounting Standards.**
1.1. Accounting Information and Decision Making.
1.2. Financial and Management Accounting.
1.3. Accounting Principles. **NAS #1 “Accounting Policies”.**
- Topic 2. Long-term Tangible Assets: Acquisition, Disposal and Depreciation.**
2.1. Definition of Long-term Tangible Assets.
2.2. Accounting for Acquisition and Disposal of Long-term Tangible Assets.
2.3. Methods of Computing Accrued Depreciation.
2.4. Control over Fixed Asset. **NAS #16 “Accounting for Long-term Tangible Assets”**
- Topic 3. Long-term Assets: Accounting for Intangible Assets. NAS #13 “Accounting for Intangible Assets”.**
- Topic 4. Liquid Assets: Inventory.**
4.1. Inventory Measurement.
4.2. Inventory Evaluation. **NAS #2 “Inventories”.**
- Topic 5. Liquid Assets: Accounts Receivable.**
- Topic 6. Short-term and Long-term Investments. NAS #25 “Accounting for Investments ”. NAS #28 “Accounting for Investments in Associates”.**
- Topic 7. Long-term Liabilities.**
7.1. Nature of Bonds.
7.2. Accounting for Bonds Acquisition.
7.3. Issues related to the Accounting for Bonds.
- Topic 8. Short-term and Long-term Loans. NAS #23 “Borrowing Costs”.**
- Topic 9. Accounting for Income and Expenses.**
9.1. Recognition and Evaluation of Income.
9.2. Recognition and Evaluation of Income. **NAS #18 “Income”. (continued)**
9.3. Accounting for Costs and Expenses. **NAS #3 “Composition of Costs and Expenses”.**

TEST # I.

- Topic 10. Paid-in Capital.**
10.1. Owners’ Equity Structure.
10.2. Accounting for Shares.
10.3. Statement of Movements in Owners’ Equity.
- Topic 11. NAS #11 “Construction Contracts”.**
- Topic 12. NAS #12 “Accounting for Income Tax”.**
- Topic 13. Accounting Concepts and Financial Reporting.**
13.1. Accounting Procedure as an Internal System.
13.2. Steps in Preparing the Work Sheet. Uses of the Work Sheet.
13.3. Balance Sheet. **NAS #5 “Presentation of Financial Statements”.**
13.4. Income Statement. **NAS #5 “Presentation of Financial Statements”.**
- Topic 14. Cash Flow Statement.**
14.1. Cash Flow Statement Objectives, Destination and Structure.
14.2. Cash Flow Statement Preparation. **NAS #7 “Cash Flow Statement”.**
- Topic 15. Financial Analysis.**
- Topic 16. Consolidated Financial Reporting. NAS #27 “Consolidated Financial Reporting and Accounting for Investments in Subsidiaries”.**
- Topic 17. Accounting for Currency Transactions. NAS#21 “Consequences of Currency Exchange Rate Fluctuations”.**

TEST # II

PART III: MANAGERIAL COST ACCOUNTING.

- Topic 1. Essence and elements of Managerial Cost Accounting.**
- Topic 2. Classification of Costs (expenses)**
2.1. Notion of costs (expenses)
2.2. Variable and constant costs (expenses)
2.3. Costs (expenses) for product and period
- Topic 3. CVP Analysis**

- 3.1. Breakeven point
- 3.2. CVP Assumptions
- 3.3. CVP Relations
- 3.4. PV Chart
- 3.5. Role of income tax
- Topic 4. Budgets and standards as keys to planning and control**
 - 4.1. Master Budget and responsibility accounting
 - 4.2. Flexible budgets and standards
 - 4.3. Income Effects as cost accounting and CP calculation
- Topic 5. Calculation Methods**
 - 5.1. Accounting and calculation objectives
 - 5.2. Cost Allocation
 - 5.3. Job Costing
 - 5.4. Operation Costing
 - 5.5. Standard-cost
 - 5.6. Calculation of complete cost using variable cost method (direct -cost)
- Topic 6. Costs and Decision making**
 - 6.1. Influence of a cost calculation method on profit
 - 6.2. Cost Modification
 - 6.3. Pricing
 - 6.4. Choosing a Valuation Method
 - 6.5. Internal Control

TEST # III.

PART IV: ACCOUNTING FOR INCOME TAX.

- Topic 1. Introduction to the Moldovan Tax Code. General Provisions.**
- Topic 2. Income Taxes. General Provisions**
- Topic 3. Taxable Income Sources**
- Topic 4. Nontaxable Income Sources**
- Topic 5. Income Tax on Individuals. Payment Sources Taxation**
- Topic 6. Deductions and Exemptions**
- Topic 7. Capital Gains and Losses**
- Topic 8. According Rules**
- Topic 9. Selected types of Tax Payers**
- Topic 10. Income Tax Administration**
- Topic 11. Tax Code, Section III "Value Added Tax"**

TEST # IV.

PART V: AUDIT.

- Topic 1. An Overview of Auditing.**
 - 1.1. Historic Evolution of Auditing.
 - 1.2. Development of Auditor's Profession.
 - 1.3. Generally Accepted Audit Standards
 - 1.4. Essence of Audit.
- Topic 2. Planning of Annual Financial Statements Audit.**
 - 2.1. Essence of Planning.
 - 2.2. Development of the Audit Program.
 - 2.3. Planning of Personnel. Scheduling of Annual Financial Statements Preparation.
- Topic 3. Professional Ethics. Practice.**
- Topic 4. Auditing of Annual Financial Statements.**
 - 4.1. Essential steps of Audit. Sources of Fixed Assets of an Enterprise.
 - 4.2. Control of Stocks and Expenses.
 - 4.3. Control of Production Costs.
- Topic 5. Working papers.**
- Topic 6. Audit Findings.**
- Topic 7. Audit Report.**
- Topic 8. Audit Results.**
- Topic 9. Typical errors discovered during audit.**
- Topic 10. Other Audit.**
 - Case Study.

TEST V.

OUTLINE FOR SEMINAR
“CONVERSION TO THE NEW NATIONAL ACCOUNTING SYSTEM”
(Course for Teachers)
(See PUB # 1 ROM, PUB # 3 ROM)

TOTAL 40 HOURS
September 14 – 19, 1998

Teaching Methodology

- Topic 1. NEW CHART OF ACCOUNTS AND ITS RELATIONSHIP WITH FINANCIAL STATEMENTS**
 - Topic 2. ACCOUNTING POLICY OF THE ENTERPRISE: DEVELOPMENT AND DISCLOSURE**
 - Topic 3. METHODOLOGY OF CONVERSION TO THE NEW ACCOUNTING SYSTEM**
 - Topic 4. COMPOSITION AND GENERAL CHARACTERISTICS OF FINANCIAL STATEMENTS. PRELIMINARY WORKS ON PREPARATION OF FINANCIAL STATEMENTS**
 - Topic 5. PRELIMINARY WORK BEFORE PREPARATION OF FINANCIAL STATEMENTS**
 - Topic 6. PROCEDURE FOR PREPARATION OF FINANCIAL STATEMENTS:**
 - Balance sheet**
 - Income statement**
 - Owner’s equity**
 - Cash flow**
 - Topic 7. ANALYSIS OF FINANCIAL STATEMENTS**
- TEST**

OUTLINE FOR SEMINAR
“COST AND MANAGERIAL ACCOUNTING”
September 14 – October 15, 1998

Professor O. Henry Hoversten

- Topic 1. Cost Behavior**
 - 1.1. Cost Behavior
 - 1.2. Fixed & Variable Cost
 - 1.3. Cost vs. Exp
 - 1.4. Contrib. Margin
 - 1.5. Cost Drivers
 - 1.6. CVP
 - 1.7. Relevant Range
 - 1.8. Break-even Point
- Topic 2. Budgeting**
 - 2.1. Master Budget
 - 2.2. Flexible Budgeting
 - 2.3. Standards
 - 2.4. Cash Budgeting
- Topic 3. Cost Accounting (Basic)**
 - 3.1. Job Costing
 - 3.2. Direct & Indirect Costs
 - 3.3. Actual vs. Normal vs. Budgeted Costs
- Topic 4. Cost Allocation Methods**
 - 4.1. Cost & Activity Measures
- Topic 5. Process Costing**
 - 5.1. Cost of Production Report
 - 5.2. Finished Equivalent Units - AVG
- Topic 6. Standard Costing**
 - 6.1. Variances
 - 6.2. Accounting Entries
- Topic 7. Special Problems in Cost Accounting**
 - 7.1. Variable Costing or Direct Costing
- Topic 8. Capital Budgeting**
 - 8.1. Rationale, Estimating Cash Flows
 - 8.2. DCF
- Topic 9. Capital Budgeting**
 - 9.1. Methods: Payback, ARR, Break-even Time, Bailout Payback Time, NPV, IRR
- Topic 10. Inventories**
 - 10.1. EOQ
 - 10.2. ROP
 - 10.3. Spoilage
 - 10.4. Waste
 - 10.5. Scrap

**OUTLINE FOR SEMINAR
“AUDITING”**

TOTAL 40 HOURS
September – October 1998

PART 1: TOPIC 1-7

Topic 1. NATURE OF AUDITING

- 1.1. Introduction
- 1.2. Quantifiable and Verifiable Information
- 1.3. Criteria for Evaluating Quantitative Information
- 1.4. Accumulating and Evaluating Evidence
- 1.5. Competent Independent Person
- 1.6. Types of Audits
- 1.7. Types of Auditors
- 1.8. Audit Reports
- 1.9. Modified Reports

Topic 2. PROFESSIONAL ETHICS

Topic 3. LEGAL LIABILITY

Topic 4. THE AUDITING PROCESS

- 4.1. Audit Objectives
- 4.2. Analytical Procedures and Tests of Details of Balances
- 4.3. Audit Completion and Issuance of an Audit Report

Topic 5. TYPES OF EVIDENCE AND DOCUMENTATION

- 5.1. Introduction
- 5.2. Audit Procedures
- 5.3. Sample Size
- 5.4. Items to Select
- 5.5. Timing
- 5.6. Audit Program
- 5.7. Persuasiveness of Evidence
- 5.8. Types of Audit Evidence
 - 5.8.1. Physical Examination
 - 5.8.2. Confirmation
 - 5.8.3. Documentation
 - 5.8.4. Inquiries of the Client
 - 5.8.5. Mechanical Accuracy
 - 5.8.6. Analytical Procedures
- 5.9. Integration of Evidence Concepts
 - 5.9.1. Reliability of Types of Evidence
 - 5.9.2. Working Papers (W.P's)
 - 5.9.3. Four major Purposes of W.P's
 - 5.9.4. Contents and Organization

Topic 6. AUDIT PLANNING AND ANALYTICAL PROCEDURES

- 6.1. The Overall Audit Plan
- 6.2. Analytical Procedures
- 6.3. Approach to Performing Analytical Procedures

Topic 7. MATERIALITY AND RISK

- 7.1. Materiality
- 7.2. Risk
 - 7.2.1. Audit Risk Model
 - 7.2.2. Inherent risk
 - 7.2.3. Measurement limitations

OUTLINE FOR SEMINAR
“ANALYSIS OF MOLDOVAN FINANCIAL STATEMENTS”
(See PUB # 15 RUS, PUB # 15 ENG)

Two day seminars

- Introduction**
- Topic 1. Goal of Annual Financial Report**
- Topic 2. Components of Annual Financial Report**
- Topic 3. Glossary of Terms**
- Topic 4. Typical Manufacturing**
- Topic 5. Balance Sheet**
- Topic 6. The Income Statement**
- Topic 7. Statement of Movement in Owner's Equity**
- Topic 8. Cash Flow Statement**
- Topic 9. Required Additional Disclosures**
- Topic 10. Auditors and Audit Reports**
- Topic 11. The Long View**
- Topic 12. Ten Year Financial Summary**
- Topic 13. Exercises in Ratio Analysis**
- Topic 14. Chart of Accounts**
- Conclusion**

OUTLINE FOR SEMINAR
“Financial Statements Analysis”
Classes held by IESC VE J. Hobbs for AESM Academia

PART I. FINANCIAL STATEMENT ANALYSIS AND THE ACCOUNTING FRAMEWORK

Chapter 1. Objectives of Financial Statement Analysis (Chapter 1 in American Ed.)

- 1.1. The Nature of Financial Analysis
- 1.2. Approaches to the Subject
- 1.3. Developments in Investment Theory

Chapter 2. Financial Statement Analysis and Accounting (Chapter 2 in American Ed.)

- 2.1. The Function of Financial Statement Analysis
- 2.2. The Raw Material of Analysis
- 2.3. Importance of Accounting Data
- 2.4. Limitations of Accounting Data
- 2.5. The Relative Importance of Financial Statement Analysis in the Total Decision Effort
- 2.6. The Function of Accounting

Chapter 3. Accounting Objectives, Conventions and Standards - Their Implications for Analysis (Chapter 3 in American Ed.)

- 3.1. The Objectives of Accounting
- 3.2. The FASB Conceptual Framework
- 3.3. Organization of the Conceptual Framework
- 3.4. Implications for Analysis
- 3.5. Accounting Principles and Standards
- 3.6. Human Factor

Chapter 4. Tools and Techniques of Financial Statement Analysis - An Overview (Chapter 4 in American Ed.)

- 4.1. Reconstruction of Business Activities and Transactions
- 4.2. Importance of the Statement of Cash Flows
- 4.3. Additional Analytical Functions
- 4.4. Sources of Information
- 4.5. The Total Information Set
- 4.6. The Principal Tools of Analysis
- 4.7. Market Measures
- 4.8. Comparability of Financial Data
- 4.9. Illustration of Financial Ratio Computations
- 4.10. Testing the Understanding of Relationships
- 4.11. Building Blocks of Financial Statement Analysis
- 4.12. Computer-Assisted Financial Analysis
- 4.13. Analytical Review of Accounting Principles - Purposes and Focus
- Appendix 4a: Sources of Information on Financial and Operating Ratios
- Appendix 4b: An Example of Financial Statements

PART II. FINANCIAL STATEMENTS - THE BASIS FOR ANALYSIS OF THE FINANCIAL STATUS OF A COMPANY

Chapter 5. Analysis of Current Assets (Chapter 5 in American Ed.)

- 5.1. Cash
- 5.2. Marketable Securities
- 5.3. Receivables
- 5.4. Disclosures about Fair Value of Financial Instruments
- 5.5. Inventories
- 5.6. Analytical Restatement of LIFO Inventories to FIFO
- 5.7. Other Analytical Considerations

Chapter 6. Analysis of Non-Current Assets (Chapter 6 in American Ed.)

- 6.1. Long-Term Investments
- 6.2. Moves toward Realism in Accounting for Debt Securities
- 6.3. Accounting by Debtors and Creditors for Troubled Debt Restructuring
- 6.4. Problem Loans of Banks

- 6.5. Tangible Fixed Assets
- 6.6. Intangible Assets
- 6.7. Prepaid Expenses and Deferred Charges
- 6.8. Unrecorded Intangible or Contingent Assets

Chapter 7. Analysis of Liabilities (Chapter 7 in American Ed.)

- 7.1. Current Liabilities
- 7.2. Long-Term Liabilities
- 7.3. Extinguishment of Debt
- 7.4. Obligations under Leases
- 7.5. Accounting for Capital Leases
- 7.6. “Off-Balance-Sheet” Financing
- 7.7. “Off-Balance-Sheet” Obligations
- 7.8. Liabilities under the Pension Plans
- 7.9. Recognition of Additional Pension Liability
- 7.10. Postretirement Benefits Other than Pensions
- 7.11. Liabilities at the “Edge” of Equity
- 7.12. Deferred Credits (Income)
- 7.13. Minority Interest
- 7.14. Reserves and Provisions
- 7.15. Accounting for Contingencies
- 7.16. Commitments
- 7.17. Financial Instruments with Off-Balance-Sheet Risks
- 7.18. Contingent Liabilities

Chapter 8. Analysis of Stockholders’ Equity (Chapter 8 in American Ed.)

- 8.1. The Distinction between Liability and Equity Instruments
- 8.2. Classification of Capital Stock
- 8.3. Retained Earnings
- 8.4. Book Value per Share

Chapter 9. Intercorporate Investments, Business Combinations, and Foreign Operations (Chapter 9 in American Ed.)

- 9.1. Intercorporate Investments
- 9.2. Accounting for Business Combinations
- 9.3. Accounting for Business Combinations
- 9.4. Accounting for Goodwill - A Major Problem Area
- 9.5. Accounting for Foreign Operations
- 9.6. Analysis of Translation Gain and Loss

Chapter 10. Analysis of the Income Statement - Part I (Chapter 10 in American Ed.)

- 10.1. A Variety of Concepts of Income
- 10.2. Cost and Expense Accrual
- 10.3. Depreciation and Depletion

Chapter 11. Analysis of the Income Statement - Part II (Chapter 11 in American Ed.)

- 11.1. Pension Costs and Other Supplementary Employee Benefits
- 11.2. Elements of Periodic Pension Expense
- 11.3. Employer’s Pension Benefit Obligation
- 11.4. Accounting for Other Postretirement Employee Benefits
- 11.5. Other Supplementary Employee Benefits
- 11.6. Research, Exploration, and Development Outlays
- 11.7. Goodwill
- 11.8. Interest Costs
- 11.9. Incomes Taxes
- 11.10. Extraordinary Gains and Losses
- 11.11. Accounting Changes
- 11.12. The Income Statement - Implications for Analysis, an Overview

Chapter 12. Earnings per Share - Computation and Evaluation (Chapter 12 in American Ed.)

- 12.1. Computation of Weighted Average of Common Shares Outstanding
- 12.2. Complex Capital Structure
- 12.3. Fully Diluted Earnings per Share
- 12.4. Examples of EPS Computations When Business Combinations Occur
- 12.5. Restatement of Prior Period Earnings per Share
- 12.6. Requirements for Additional Disclosures in Conjunction with the Presentation of Earnings per Share Data
- 12.7. Statement Accounting for Changes in Earnings per Share

Chapter 13. Statement of Cash Flows (Chapter 13 in American Ed.)

- 13.1. The Significance of Cash Flows
- 13.2. Evolution of the Accounting for Funds and Cash Flows
- 13.3. Determining Net Cash Flow from Operations
- 13.4. Reconstruction of Transactions
- 13.5. Determining Cash from Operations - Two Methods
- 13.6. Conversion from the Indirect to the Inflow-Outflow Presentation
- 13.7. Cash Flow - Confusion in Terminology

Chapter 14. Effects of Price Changes on Financial Statements (Chapter 14 in American Ed.)

- 14.1. Research and Professional Pronouncement
- 14.2. Objectives of This Chapter
- 14.3. Current Cost Accounting
- 14.4. Constant Cost Accounting
- 14.5. Illustration of Accounting for a Transaction Using Four Reporting Frameworks
- 14.6. Analytical Considerations in the Use of Current Cost Accounting
- 14.7. Analytical Considerations in the Use of Constant Cost Accounting
- 14.8. General versus Specific Price Changes

Chapter 15. The Auditor's Opinion - Meaning and Significance (Chapter 15 in American Ed.)

- 15.1. What the Analyst Needs to Know
- 15.2. Auditor's Report
- 15.3. Failure of Financial Statements to Conform to Generally Accepted Accounting Principles
- 15.4. Special Reports
- 15.5. Implications for Analysis
- 15.6. Implications Stemming from the Standards that Govern the Auditor's Opinion
- 15.7. The Audit Function as Perceived by the Auditor

PART III. FINANCIAL STATEMENT ANALYSIS - THE MAIN AREAS OF EMPHASIS

Chapter 16. Analysis of Short-Term Liquidity (Chapter 16 in American Ed.)

- 16.1. Significance of Short-Term Liquidity
- 16.2. Working Capital
- 16.3. Current Ratio
- 16.4. Average Accounts Receivable Turnover Ratio
- 16.5. Measures of Inventory Turnover
- 16.6. Current Liabilities
- 16.7. Interpretation of the Current Ratio
- 16.8. Acid-Test Ratio
- 16.9. Other Measures of Short-Term Liquidity
- 16.10. The Concept of Financial Flexibility
- 16.11. Management's Discussions and Analysis

Chapter 17. Funds Flow Analysis and Financial Forecasts (Chapter 17 in American Ed.)

- 17.1. Overview of Cash Flow Patterns
- 17.2. Electronic Spreadsheets Programs
- 17.3. Analysis of Statements of Cash Flows
- 17.4. Illustration of the Analysis of Statements of Cash Flows
- 17.5. Evaluation of the Statement of Cash Flows
- 17.6. Projection of Statements of Cash Flows
- 17.7. Illustration of the Projection of Statements of Cash Flows

Chapter 18. Analysis of Capital Structure and Long-Term Solvency (Chapter 18 in American Ed.)

- 18.1. Key Elements in the Evaluation of Long-Term Solvency
- 18.2. Importance of Capital Structure
- 18.3. Accounting Principles
- 18.4. Adjustments to the Book Value of Assets
- 18.5. The Significance of Capital Structure
- 18.6. Reasons for Employment of Debt
- 18.7. Illustration of Computation
- 18.8. The Financial Leverage Ratio
- 18.9. Measuring the Effect of Capital Structure on Long-Term Solvency
- 18.10. Long-Term Projections - Usefulness and Limitations
- 18.11. Capital Structure Analysis - Common-Size Statements
- 18.12. Total Debt to Total Capital (Debt and Equity)
- 18.13. Preferred Stock within the Capital Structure
- 18.14. The Analytically Adjusted Ratio of Long-Term Debt to Equity
- 18.15. Interpretation of Capital Structure Measures
- 18.16. "Event" and Other Types of Risk
- 18.17. Measures of Assets Distribution
- 18.18. Critical Importance of "Earning Power"
- 18.19. Measures of Earnings Coverage
- 18.20. Ratio of Earnings to Fixed Charges
- 18.21. Pro Forma Computations of Coverage Ratios
- 18.22. Cash Flow Coverage of Fixed Charges
- 18.23. Stability of "Flow of Cash from Operations"
- 18.24. Earnings Coverage of Preferred Dividends
- 18.25. Evaluation of Earnings-Coverage Ratio
- 18.26. Capital Structure, Leveraged Buyouts, "Junk Bonds", and Other Financial Innovations"
- 18.27. Though Analysis Is Essential
 - Appendix 18A. The Rating of Debt Obligations
 - Appendix 18A.1. The Rating of Corporate Bonds
 - Appendix 18A.2. The Rating of Municipal Securities
 - Appendix 18A.3. Limitations of the Rating Process
 - Appendix 18B. Ratios as Predictors of Business Failure
 - Appendix 18C. Illustration of the Computation of the Analytically Adjusted Long-Term Debt to Equity Ratio

Chapter 19. Analysis of Return on Investment and Asset Utilization (Chapter 19 in American Ed.)

- 19.1. Diverse Views on Performance
- 19.2. Criteria of Performance Evaluation
- 19.3. Importance of Return on Investment (ROI)
- 19.4. Major Objectives in the Use of ROI
- 19.5. Basic Elements of ROI
- 19.6. Adjusting the Components of the ROI Formula
- 19.7. Analysis of Assets Utilization
- 19.8. Analysis of Return on Common Stockholders' Equity (ROCSE)
- 19.9. Illustration of Analysis of Return on Total Assets and on Equity
- 19.10. Return on Equity versus Return on Shareholder Investment

Chapter 20. Analysis of Results of Operations - Part I (Chapter 20 in American Ed.)

- 20.1. The Significance of Income Statement Analysis
- 20.2. Analysis of Components of the Income Statement
- 20.3. Financial Reporting by Diversified Enterprises
- 20.4. Stability and Trend of Revenues

Chapter 21. Analysis of Results of Operations - Part II (Chapter 21 in American Ed.)

- 21.1. Analysis of Cost of Sales
- 21.2. Break-Even Analysis
- 21.3. Analytical Implications of Break-Even Analysis
- 21.4. Analysis of Relationship between Sales, Accounts Receivable, and Inventories
- 21.5. Income Taxes
- 21.6. Analysis of Financial Results

Chapter 22. The Evaluation and Projection of Earnings (Chapter 22 in American Ed.)

- 22.1. Evaluation of the Quality of Earnings

- 22.2. Evaluation of the Earnings Level and Trend
- 22.3. The Concept of Earning Power
- 22.4. The Forecasting of Earnings
- 22.5. Monitoring Performance and Results

Chapter 23. Comprehensive Analysis of Financial Statements (Chapter 23 in American Ed.)

- 23.1. The Methodology of Financial Statement Analysis
 - 23.2. Significance of the "Building Block" Approach to Financial Analysis
 - 23.3. The Earmarks of Good Financial Analysis
 - 23.4. Special Industry or Environmental Characteristics
 - 23.5. Illustration of a Comprehensive Analysis of Financial Statements - Campbell Soup Company
- List of Major American Abbreviations

OUTLINE FOR SEMINAR
“ACCOUNTING FOR BEGINNERS”
(See PUB # 1 ROM, PUB # 8 ROM, PUB # 8 RUS)

February 8 – April 9, 1999

PART I. BASICS OF ACCOUNTING

Topic 1. Subject and method of accounting

- 1.1. Subject of accounting
- 1.2. Characteristics and classification of assets and liabilities of the enterprise
- 1.3. Financial and managerial aspects of accounting
- 1.4. Basic principles of accounting
- 1.5. Elements of accounting method

Topic 2. Balance sheet and its preparation

- 2.1. Structure and functions of the balance sheet
- 2.2. Changes in asset and liabilities items of the balance sheet

Topic 3. Documentation and manner of accounting

- 3.1. Notion and meaning of documentation. Contents and preparation of documentation.
- 3.2. Reconciliation and adjustments of documents
- 3.3. Circulation and storing the documentation

Topic 4. Physical inventory and manner of accounting

- 4.1. Notion, meaning and types of physical inventory
- 4.2. Stages of physical inventory

Topic 5. Evaluation as a manner of accounting

- Definition and notion of evaluation
- Types of evaluations used in accounting

Topic 6. Account as an element of accounting

- 6.1. Definition and functions of an account
- 6.2. Account form and structure
- 6.3. Classification of accounts
- 6.4. Summary and analytical accounts
- 6.5. Characteristics, analysis and use of accounts in accordance with the chart of accounts

Topic 7. Turnover worksheet

- 7.1. Classification and preparation of a turnover worksheet for summary accounts
- 7.2. Classification and preparation of a turnover worksheet for analytical accounts
- 7.3. Identifying errors detected in the result of registration of transactions with the help of turnover worksheet
- 7.4. Elaboration of enterprise's accounting policy

Topic 8. Forms of accounting

- 8.1. Memory-order form of accounting
- 8.2. Order-log form of accounting
- 8.3. Automated form of accounting

TEST #1

PART II. FINANCIAL ACCOUNTING

Topic 1. Accounting for long-term tangible assets

- 1.1. Recognition and evaluation of long-term tangible assets
- 1.2. Accounting for fixed assets
- 1.3. Accounting for land plots
- 1.4. Accounting for natural resources

Topic 2. Accounting for intangible assets

- 2.1. Evaluation of intangible assets
- 2.2. Accounting for receipt of intangible assets
- 2.3. Accounting for amortization of intangible assets
- 2.4. Accounting for disposal of intangible assets

Topic 3. Accounting for inventories

- 3.1. Recognition and evaluation of inventories
- 3.2. Accounting for materials and low value short life items
- 3.3. Accounting for production-in-process and finished products
- 3.4. Accounting for goods

Topic 4. Accounting for receivables

- 4.1. Accounting for trade receivables
- 4.2. Accounting for receivables from the budget
- 4.3. Accounting for short-term receivables from employees
- 4.4. Accounting for short-term receivables on accrued income

Topic 5. Accounting for cash

- 5.1. Accounting for cash on hand
- 5.2. Accounting for cash in bank accounts

Topic 6. Accounting for investments

- 6.1. Recognition and evaluation of investments
- 6.2. Accounting for investments in unrelated parties
- 6.3. Accounting for investments in related parties

Topic 7. Accounting for owner's equity

- 7.1. Accounting for statutory capital and additional capital
- 7.2. Accounting for unpaid capital
- 7.3. Accounting for reserves
- 7.4. Accounting for retained earnings (uncovered loss)

Topic 8: Accounting for liabilities

- 8.1. Accounting for financial liabilities
- 8.2. Accounting for trade liabilities
- 8.3 Accounting for accrued liabilities

TEST # 2

Topic 9. Accounting for costs and expenses

- 9.1. Main notions of costs and expenses
- 9.2. General characteristic of costs of the enterprise (fixed and variable, direct and indirect, cost per product and period costs)
- 9.3. Calculation of cost of products and classification of cost accounting methods
- 9.4. Accounting for operating expenses
- 9.5. Accounting for non-operating expenses (continuation)

Topic 10. Accounting for income

- 10.1. Accounting and recognition of income
- 10.2. Accounting for operating income
- 10.3. Accounting for non-operating income

TEST #3

Topic 11. Accounting for income tax from legal entities

- 11.1. Main notions related to permanent and temporary differences
- 11.2. Accounting for income tax from legal entities

Topic 12. Financial statements

- 12.1. Completion of an accounting cycle on preparation of financial statements
- 12.2. Contents, procedure for preparation and presentation of financial statements

Topic 13. Analysis of financial statements

- 13.1. Analysis of liquidity of the balance sheet
- 13.2. Preparation of an explanatory note to financial statements

TEST # 4

**SUMMARY OF THE
INTERNATIONAL ACCOUNTING AND AUDITING PROGRAM:
SUMMER 1999**

Starting **July 26 through September 11, 1999**, USAID Moldovan Accounting Reform Project administered a 258-hour **INTERNATIONAL ACCOUNTING AND AUDITING PROGRAM: FINAL STAGE**. The seminar was offered for the most successful graduates of the INTERNATIONAL ACCOUNTING AND AUDITING PROGRAM: STAGE I (1998 Summer and Fall).

Serving as an excellent opportunity to acknowledge advanced accounting and new accounting standards, the seminar aimed to contribute to professors' professional development in order to design new accounting courses at Moldovan colleges and universities, as well as for professors' professional development within the certification program administered by ACAP. The seminar included four parts:

Part I: AUDITING - 40 hrs,

taught by BYCHKOVA S. M., professor of the St Petersburg Agrarian University and by a local professor;

Part II: FINANCIAL MANAGEMENT - 46 hrs,

taught by KOVALEV V. V., professor of the St Petersburg Commerce and Economics Institute;

Part III: ADVANCED ACCOUNTING AND NEW ACCOUNTING STANDARDS - 132 hrs

taught by PATROV V. V. and SMIRNOVA I. A., professors of the St Petersburg Commerce and Economics Institute, and by a team of local professors;

Part IV: BUSINESS LAW - 40 hrs, *taught by a local professor.*

Lectures were held in Romanian and Russian. All written handouts were presented in Romanian and Russian languages. Additionally, the following accounting literature was distributed to the participants:

1. "Evidence in Auditing", S. Bychkova, manual,
2. "Audit", S. Bychkova, brochure,
3. "Audit", A. Vitiuc, handouts,
4. "Introduction to Financial Management ", V. Kovalev, manual,
5. "Collection of Problems on Financial Management ", V. Kovalev, manual,
6. "Financial Management", V. Kovalev, brochure,
7. "Contabilitate si audit" N5' 99, magazine (New NAS),
8. "Advanced Financial Accounting", V. Patrov and I. Smirnova, brochure,
9. "Advanced Financial Accounting", Team of local professors, handouts,
10. "Business Law" and annexes, S. Terzioglo, brochure.

The general enrollment totaled 98 participants, representing 13 main economic universities and colleges of Moldova (17 professors from ASEM) and 16 local enterprises. The examination scores averaged at **81%**. All participants showed a genuine satisfaction with the overall quality of the offered seminar. The average professor's evaluations were very high, showing a **5,62** score out of **6,0**.

The participant professors are currently implementing the acquired knowledge and information already in the new 1999-2000 academic year.

As a result, about 200 trained accounting professors teach new classes to university and college students, serve as instructors in training programs for Moldovan accounting practitioners and also provide additional paid consulting services to enterprises throughout Moldova, this way continually pushing the environment to higher levels of effort and accounting competency.

**List of Distribution Materials Provided to the Participants of the Summer 99 Seminar
INTERNATIONAL ACCOUNTING AND AUDITING PROGRAM
Final Stage, Summer 99**

Manuals, brochures and magazines:

1. S. ? . Bychkova "Audit Evidence", RU; *manual*
2. S. M. Bychkova, A. Vitiuc, "Audit", RO & RU; *brochure*
3. V. V. Kovalev "Introduction to Financial Management", RU; *manual*
4. V. V. Kovalev "Financial Management Problems", RU; *manual*
5. V.V. Kovalev "Financial Management", RU; *brochure*
6. V. Patrov, I. Smirnova "Advanced Financial Accounting", RO & RU; *brochure*
7. "Contabilitate si Audit" # 5, 1999; *magazine (newly adopted NAS)*
8. S. Terzioglu, "Business Law", RO; *brochure + annexes*

Hand-outs:

1. International Accounting and Auditing Program for Educational Institutions' Professors (schedule), EN, RO & RU;
2. Brief presentation of the Professors of the "INTERNATIONAL PROGRAM IN ACCOUNTING AND AUDITING PROGRAM" Seminar, RO;
3. List of Recommended Books on Audit, RU;
4. Brief Presentation of Audit Development Abroad, RU
5. Problems and Solutions on Selected Topics, RU
6. Audit of the Annual Financial Reports, RO & RU;
7. Audit of the Annual Financial Reports, Solutions to the Case Study, RO & RU;
8. Audit Case Studies, RO & RU;
9. Financial Management Case Studies & Solutions, RO & RU;
10. Related Party Disclosures (NAS 24), RO & RU;
11. Related Party Disclosures. Problems (NAS 24)", RO;
12. Related Party Disclosures. Solutions (NAS 24)", RU;
13. Consolidated Financial Statements and Accounting for Investments of a Subsidiary. Problems, RO;
14. NAS 14, Problems, RO & RU.
15. Accounting for Leases, NAS 17, Definitions, RO & RU;
16. Accounting for Leases, NAS 17, Solution of Problems, RO & RU;
17. Accounting for Bonds, RO & RU;
18. Financial Instruments: Disclosure and Presentation. Solution of Problems, RO & RU;
19. Exchange Differences Resulting from Export - Import Transactions, RO & RU;
20. Exchange Differences Resulting from Export - Import Transactions. Problems, RO & RU;
21. Exchange Differences Resulting from Export - Import Transactions. Solutions, RO & RU;
22. Current Currency Transactions. Problems, RO & RU;
23. Current Currency Transactions. Solutions, RO & RU;
24. Effects of Changes in Foreign Exchange Rates. Solutions, RO & RU;
25. Business Combinations (laws), RO & RU;
26. Business Combinations, RO & RU;
27. Business Combinations, solutions, RO & RU;
28. Consolidated Financial Accounting. Solutions, RO & RU;
29. Financial Reporting in Hyperinflationary Economies, Problems and Solutions, RU;
30. Accounting for Liquidation of an Enterprise, RO;
31. Accounting for Liquidation of an Enterprise. Solutions, RO;
32. Types of Liquidations (slides), RO;
33. Financial Reporting of Interests in Joint Ventures, RO & RU;
34. Accounting for Intangible Assets, RO & RU;
35. Regulations on confirmation procedures of philanthropic purpose donations, RU;
36. Law of Republic of Moldova on philanthropy and sponsorship, RO & RU;
37. Accounting and Taxation in Non-Profit Organizations, RO & RU;
38. Calculation and Accounting for Taxes, RO & RU;
39. Calculation and Accounting for Taxes. Solutions, RO & RU;
40. Accounting for Agriculture. Accounting for Costs, RO & RU;
41. Proposed International Accounting Standard on Agriculture, draft ?-65, RU;
42. The Concept of Management Accounting, RO & RU;
43. The Concept of Management Accounting. Problems, RO & RU;

44. The Concept of Management Accounting. Solutions, RO & RU;
45. Investments Promotion. Maintenance or Exchange of Fixed Assets, RO & RU;
46. Managerial Decision Making, RO & RU;
47. Working Capital Management, RO & RU;
48. Standard Costing, RO & RU;
49. Planning and Budgeting, RO & RU;
50. Planning and Budgeting. Solutions, RU;
51. Annex # 1 to NAS 5 (for SA "Dacia"), RO & RU.

Overview of the 1999-Advanced Accounting Summer Session

The second part of the International Accounting and Auditing Program was held between July 26 – September 11, 1999. 98 individuals representing 13 universities and 16 enterprises have been registered for the course.

Part I “**Audit**” (prof. S. Bâcikova) (July 26 – 31). **56 individuals** have been registered of which: *35 representatives of educational institutions, which is 62.5% of the total number of participants (see chart 1).*
21 accountants representing 15 enterprises (including 6 ACAP representatives and 1 representative MOF).

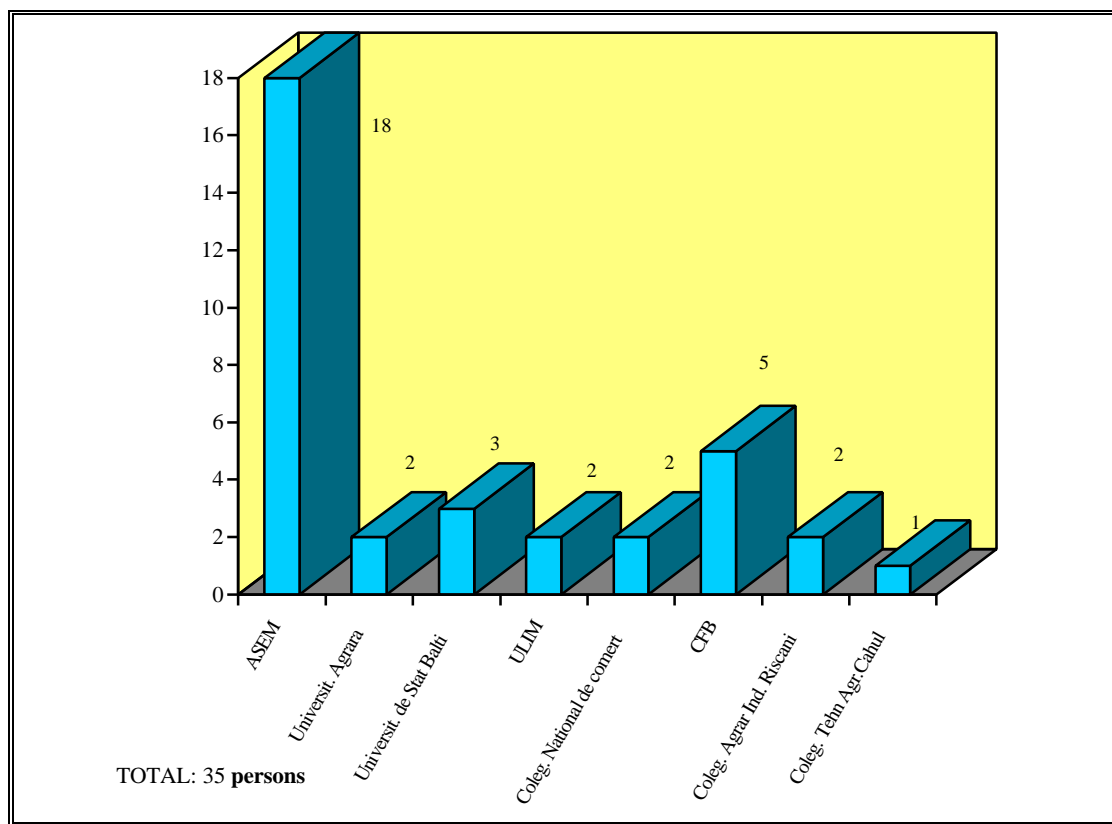


Diagram 1. Display of participants' number from educational institution

The 56 attendees represented 6 regions:

Chisinau – 47 persons;

Balti – 4 persons;

Râscani – 2 persons;

Drochia – 1 persons;

Vulcanesti – 1 persons;

Cahul – 1 person.

Out of those 56 participants:

- 47 represented the Central zone;
- 7 represented the Northern zone;
- 2 represented the Southern zone.

47 persons took examination tests. The average score of the tests is – **86.64 %**.

The participants in a form of questionnaire procedure evaluated the course outcome. The overall data obtained demonstrated their high appraisal of the course. Based on a 6 criteria form, the course was evaluated on an average score of **5.5**.

- Part II **“Financial Management”** (prof. Kovalev) (2-7 August). **63 persons** were registered, of which:
45 representatives of educational institutions which is 75 % of the total number of participants (see chart 2)
18 accountants representing 11 enterprises (including 7 ACAP representatives and 1 MOF representative).

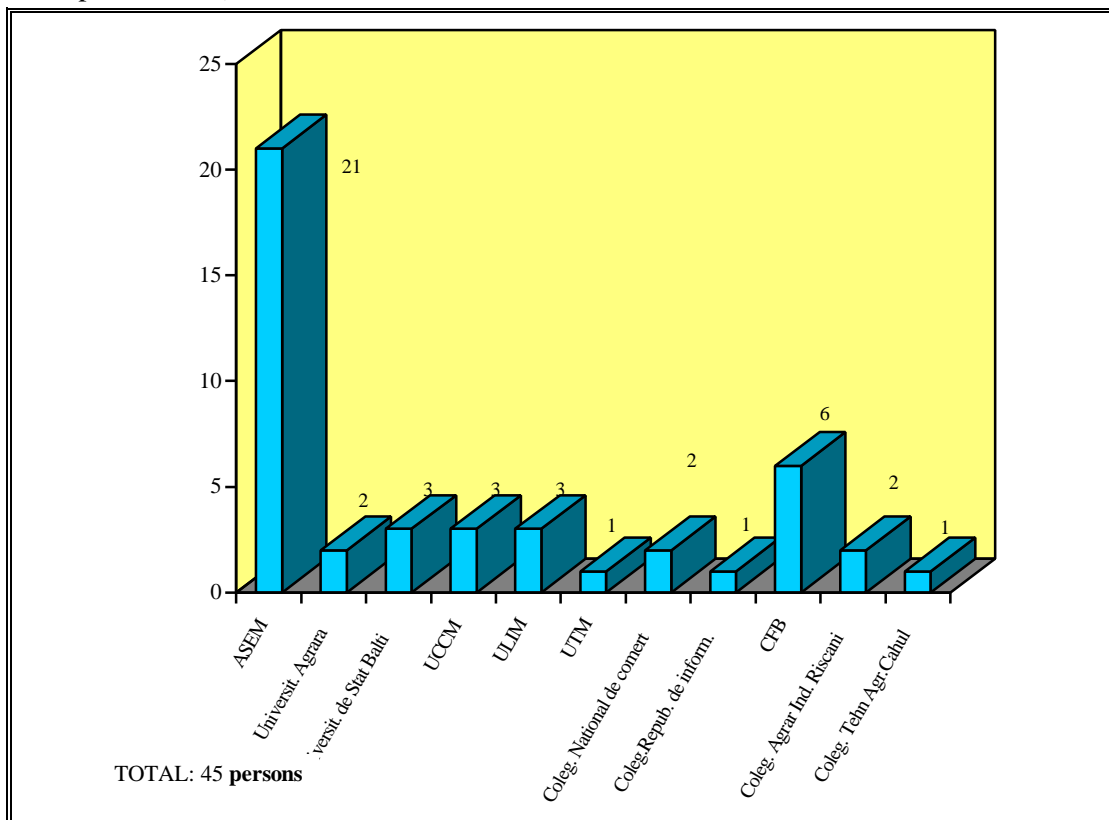


Diagram 2. Display of participants' number from educational institution

The **63** attendees represented **7** regions:

Chisinau – 53 persons;

Balti – 4 persons;

Râscani – 2 persons;

Drochia – 1 persons;

Taraclia – 1 persons;

Vulcanesti – 1 persons;

Cahul – 1 person.

Out of **63** participants:

- 53 represented the Central zone;
- 7 represented the Northern zone;
- 3 represented the Southern zone.

51 persons took examination tests. The average test score is – **84.12 %**.

The participants in a form of questionnaire procedure evaluated the course outcome. The overall data obtained demonstrated their high appraisal of the course. Based on a 6 criteria form, the course was evaluated on an average score of **5.85**.

- Part III **“Advanced Accounting and the New National Standards”** (prof. Patrov, Smirnova and members of the working group on implementing national accounting standards (9-21 August). **66 persons** were registered, of which:

43 representatives of educational institutions which is 66,1% of the total number of listeners (please see Diagram 3).

23 accountants practitioners representing 8 enterprises (including **11** ACAP representatives and 4 MOF representatives).

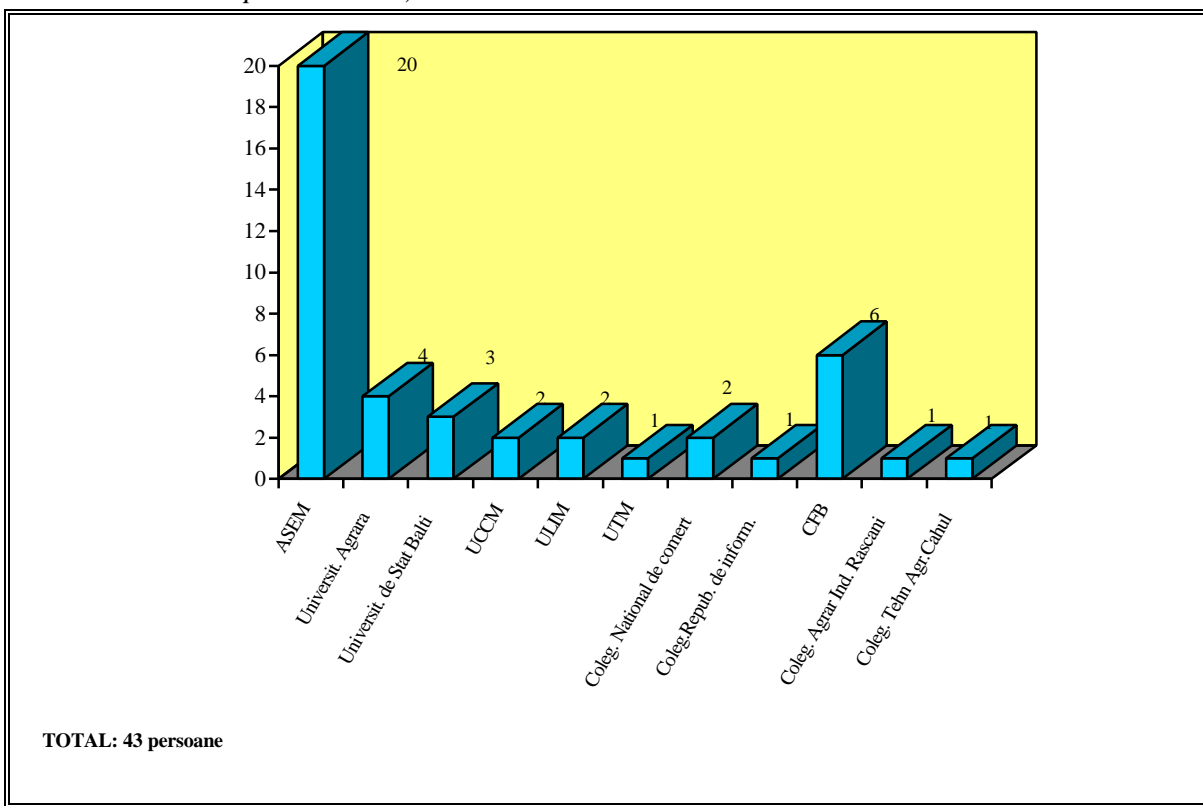


Diagram 3. **Number of participants representing educational institutions**

These **66** individuals represented the following **9** regions:

Chisinau – 55 individuals;
 Ungheni – 1 individual;
 Edinet – 1 individuals;
 Balti – 4 individuals;
 Râscani – 1 individual;
 Drochia – 1 individual;
 Taraclia – 1 individual;
 Vulcanesti – 1 individual;
 Cahul – 1 individual.

Of the **66** participants:

- 56 represented the Center of the Republic;
- 7 represented the North of the Republic;
- 3 represented the South of the Republic.

The III test has been attended by - **53** persons and the IV-th by **46** persons. The average score for the third test equals to **69,83 %**, and for the fourth test - to **74,46 %**.

The participants in a form of questionnaire procedure evaluated the course outcome. The overall data obtained demonstrated their high appraisal of the course. Based on a 6 criteria form, the course was evaluated on an average score of **5.5**.

- Part IV **“Business Law”**(prof. S. Terzioglo) (September 6-11, 1999). **65 individuals** have been registered, of which:

42 university representatives, which is **64,6 %** of the total number of listeners (please see Diagram 4).

23 accountants practitioners representing 10 enterprises (including **10 ACAP** representatives and **5 MOF** representatives).

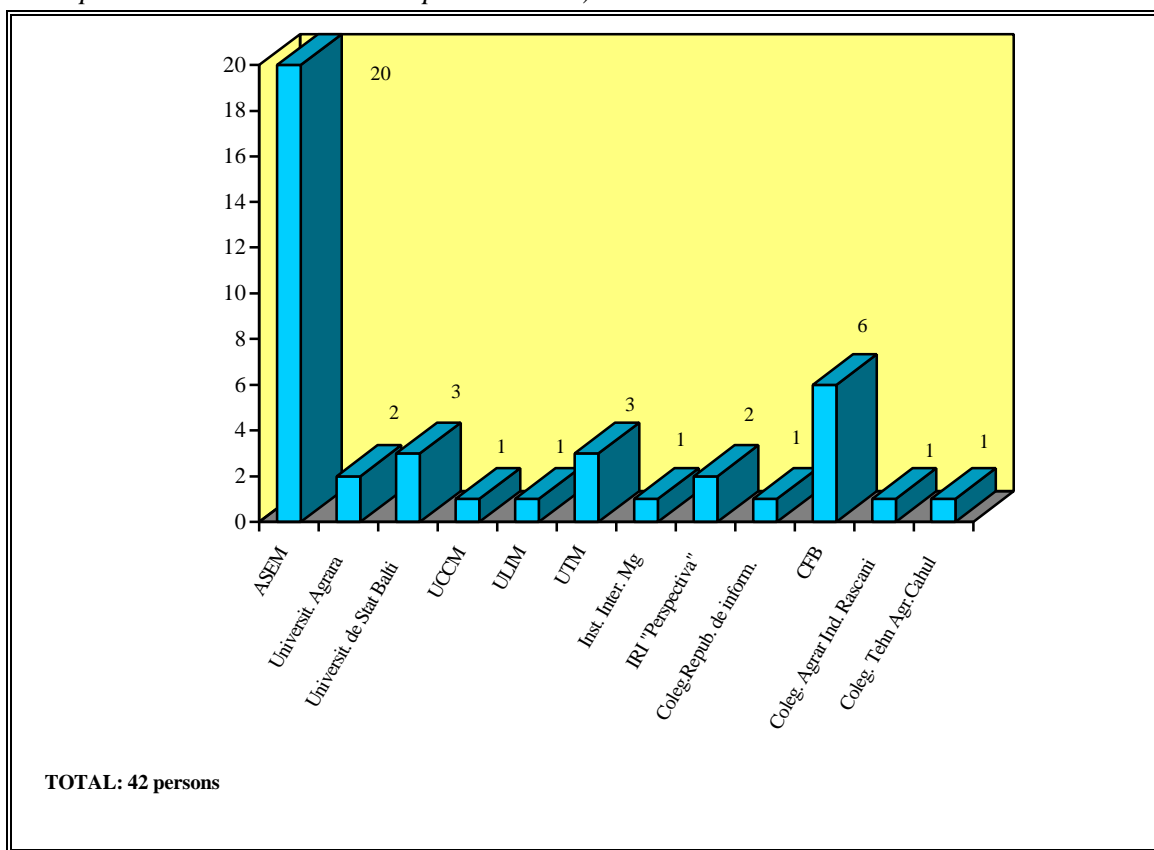


Diagram 4. **Participants representing various universities**

These **66 individuals** represented the following **9 regions**:

Chisinau – 55 persons;

Ungheni – 1 person;

Edinet – 1 person;

Balti – 4 persons;

Râscani – 1 person;

Drochia – 1 person;

Taraclia – 1 person;

Vulcanesti – 1 person;

Cahul – 1 person.

Of the **66 participants**:

- 56 represented the central part of the Republic;
- 7 represented the northern part of the Republic;
- 3 represented the southern part of the Republic.

Test V was attended by 55 individuals. The average score is 90 %. The participants in a form of questionnaire procedure evaluated the course outcome. The overall data obtained demonstrated their high appraisal of the course. Based on a 6 criteria form, the course was evaluated on an average score of 5.61.

Of the 98 registered individuals 88 individuals received graduation certificates (please see Diagram 5).

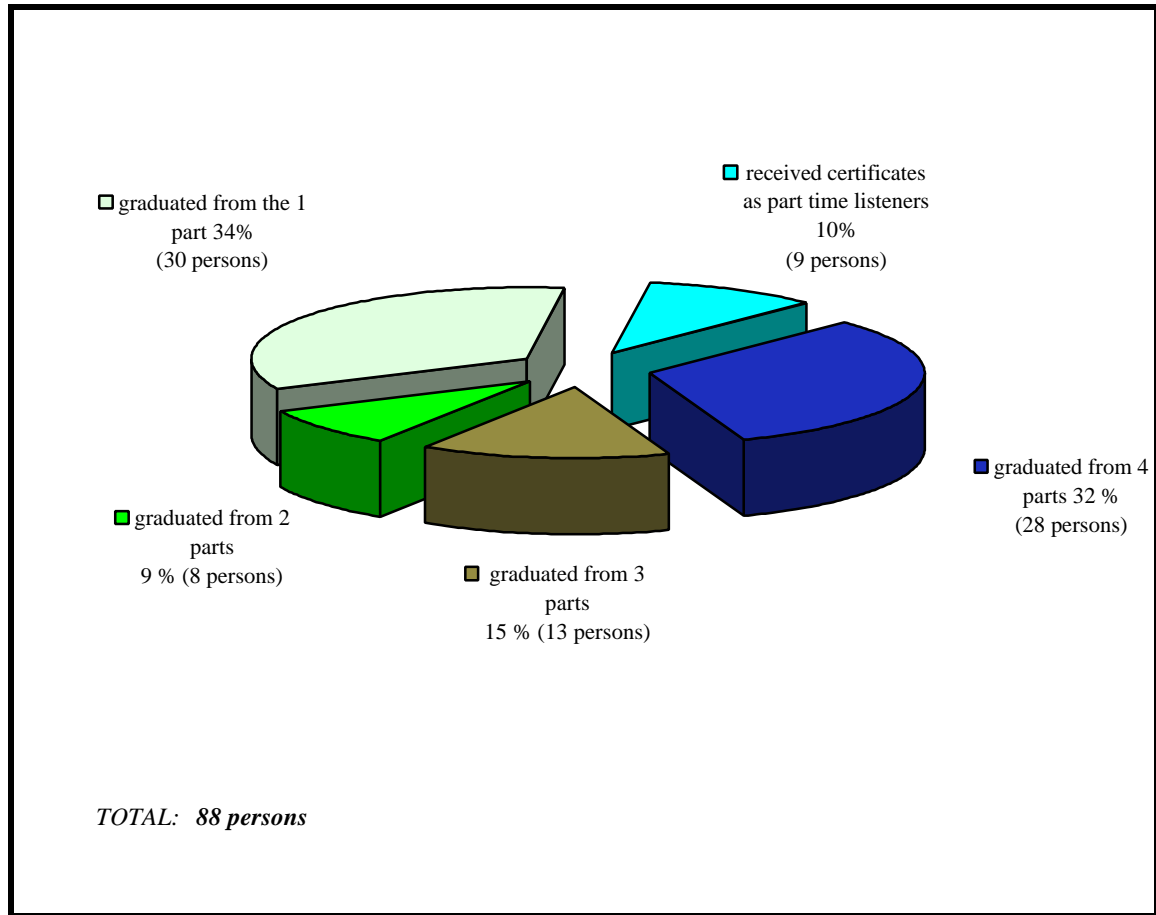


Diagram 5. Number of participants awarded certificates

Considering all of the above mentioned following have been mentioned by the listeners:

- *continuous organization of such courses;*
- *organization of round tables for accountants practitioners;*
- *organization of courses on audit, managerial accounting, tax accounting, business law.*



MOLDOVAN ACCOUNTING REFORM PROJECT
PROIECTUL REFORMEI CONTABILITATII DIN MOLDOVA
?????? ?????? ? ?????????????????????

INTERNATIONAL PROGRAM IN ACCOUNTING AND AUDITING

for educational institutions' professors

Summer 1999 - Stage II
(258 hours)

- Part I:** **AUDITING** - 40 hrs
 July 26 - 31, 1999
 Exam #I - Saturday, July 31' 99, 8.00-12.00
- Part II:** **FINANCIAL MANAGEMENT** - 46 hrs
 August 2 - 7, 1999
 Exam # II - Saturday, August 7' 99, 11.00-14.00
- Part III:** **ADVANCED ACCOUNTING AND NEW**
 ACCOUNTING STANDARDS - 132 hrs
 August 9 - 26, 1999
 Exam # III - Wednesday, August 18' 99, 8.00-12.00
 Exam # IV - Monday, August 30' 99, 8.00-12.00
- Part IV:** **BUSINESS LAW** - 40 hrs
 September 1 - 8, 1999
 Exam # V - Wednesday, September 8' 99, 9.00-12.00

Part I: AUDITING* - 40 hrs*July 26 - July 31, 1999***Professor of the St Petersburg Agrarian University –****Bychkova Svetlana Mihailovna****Exam #I - Saturday, July 31' 99, 8.00-12.00**

<i>Day</i>	<i>Topic Description</i>	<i># hours</i>	<i>Instructor</i>
26.07	1. Nature and contents of Auditing 1.1. History of Auditing. Main Stages of Development. 1.2. Definition of Auditing. Distinction between Auditing and Control. Types of Auditing Services 1.3 Fundamentals of Auditing	3	S. Bychkova
26.07	2. Auditors' Professional Ethics. 3. Rights and Responsibilities of Auditors and Clients.	1	S. Bychkova
26.07	4. Types of Audit.	1	S. Bychkova
26.07	5. Concept of Materiality and Evaluation Criteria.	1	S. Bychkova
26.07	6. Definition and Types of Audit Risks.	2	S. Bychkova
27.07	7. Audit Planning.	1	S. Bychkova
27.07	8. Analytical Procedures.	1	S. Bychkova
27.07	9. Engagement of Other Persons in the Audit Process. 10. Audit Evidence.	3	S. Bychkova
27.07	11. Documentation of Audit.	1	S. Bychkova
27.07	12. Audit of Annual Financial Reports. 12.1 Audit of Assets.	2	A. Vitiuc
28.07	12.2 Audit of Liabilities and Owner's Equity.	2	A. Vitiuc
29.07	12.3 Audit of Income Statement.	2	A. Vitiuc
28.07	13. Audit Sampling. 13.1 General Provisions. 13.2 Statistical Sampling. Qualitative Sampling (general provisions, random number selection, systematic sample selection with random errors distribution, mixed). Quantitative Sampling (monetary amount sampling, mean per unit amount, mean per unit amount stratification, difference and ratio estimation) 13.3 Nonstatistical sampling	6	S. Bychkova
29.07	14. Audit Results. • Audit Report • Audit Opinion	3	S. Bychkova
29.07	15. Selection Criteria of the Auditor and the Consultant.	2	S. Bychkova
30.07	16. Audit Personnel Management. 16.1 Personnel Management Principles. 16.2 Position Analysis and Job Description Development 16.3 Personnel Hiring Procedures 16.4 Selection 16.5 Personnel Certification 16.6 Evaluation of Employees' Professional and Personal Qualities	2	S. Bychkova
30.07	17. Errors and Fraud Discovered within the Audit 17.1. Notions and Types of Errors and Fraud 17.2. Detection of Errors and Fraud	3	S. Bychkova
31.07	EXAM I	4	
TOTAL		40	

Part II: FINANCIAL MANAGEMENT - 46 hrs
Professor of the St Petersburg Commerce and Economics Institute–
Kovalev Valerii Victorovici
August 2 - 7, 1999
Exam # II - Saturday, August 7' 99, 11.00-14.00

<i>Day</i>	<i>Topic Description</i>	<i># hours</i>	<i>Instructor</i>
Monday	1. Goals, Tasks and Essence of Financial Management within market economy conditions	1	V. Kovalev
02.08.	2. Fundamentals of Financial Mathematics		V. Kovalev
	2.1 Logic of Financial Operations in Market Economy	1	
	2.2 Concept of Discounting	2	
	2.3 Classifications of Cash Flows and Methods of Evaluating	2	
03.08.	3. Financial Decisions on commercial entity's assets		V. Kovalev
	3.1 Methods of Evaluating Financial Assets	4	
	3.2 Risk and Profitability of Financial Assets	4	
	3.3 Decision Making on Investments Projects	4	
	3.4 Analysis and Management of Current Assets	4	
06.08.	4. Financial Decisions on commercial entity's sources of assets		V. Kovalev
	4.1 Sources of Assets and Methods of Financing	4	
	4.2 Analysis of Capital's Cost and Structure	5	
	4.3 Dividend Payment Policy	2	
07.08.	EXAM II	3	
TOTAL		46	

Part III: ADVANCED ACCOUNTING AND NEW ACCOUNTING STANDARDS - 132 hrs**August 9 - 26, 1999****Exam # III - Wednesday, August 18' 99, 8.00-12.00****Exam # IV - Monday, August 30' 99, 8.00-12.00**

<i>TOPIC</i>	<i># hours</i>	<i>Instructor</i>
1. Financial Instruments: Disclosure and Presentation (NAS 32)	12	V. Patrov/ I. Smirnova
2. Accounting for Lease (NAS 17)	4 4	A. Nederita V. Patrov/ I. Smirnova
3. Accounting for the Effects of Changes in Foreign Exchange Rates (NAS 21)	4 4	S. Poberejnic (L. Grabarovschi) V. Patrov/ I. Smirnova
4. Business Combinations (NAS 22)	2 4	N. Tiriulnicova V. Patrov/ I. Smirnova
5. Financial Reporting of Interests in Joint Ventures (NAS 31)	6	V. Patrov/ I. Smirnova
6. Financial Reporting in Hyperinflationary Economies (NAS 29)	6	V. Patrov/ I. Smirnova
7. Consolidated Financial Statements (NAS 27)	6	V. Patrov/ I. Smirnova
8. Accounting for Liquidation of an Enterprise	2 4	N. Zlatina V. Patrov/ I. Smirnova
TEST III	4	
9. Recommendations for Accounting for Intangible Assets (NAS 13)	4	V. Bucur
10. Reporting Financial Information by Segment (NAS 14)	4	L. Gavriluc
11. Specific Features of the Related Party Disclosures (NAS 24)	4	N. Stratulat
12. Specific Features of Accounting for Non-Profit Organizations	8	T. Prisacar I. Zaharcenco
13. Tax Accounting	16	T. Prisacar I. Zaharcenco
14. Specific Features of Accounting for Agriculture	8	V. Bucur
15. Managerial Accounting	16	L. Grabarovschi V. Paladi S. Poberejnic A. Brinister
TEST IV	4	
TOTAL	132	

Part III: ADVANCED ACCOUNTING AND NEW ACCOUNTING STANDARDS - 132 hrs

August 9 - 26, 1999

Exam # III - Wednesday, August 18' 99, 8.00-12.00

Exam # IV - Monday, August 30' 99, 8.00-12.00

<i>Day</i>	<i>Topic Description</i>	<i># hours</i>	<i>Instructor</i>
Monday, 9/08	Topic 1: Financial Instruments: Disclosure and Presentation (NAS 32) 1.1 Notion of Financial Instruments 1.2 Information Presentation 1.2.1 Liabilities and Capital 1.2.2 Interest, Dividends, Profits and Losses 1.2.3 Offset of Financial Assets and Financial Liabilities	12	V. Patrov/ I. Smirnova
Tuesday, 10/08	1.3 Information Disclosure 1.3.1 Conditions of Financial Instruments and Accounting Policy 1.3.2 Interest Rate Risk and Credit Risk 1.3.3 Fair Value		
Tuesday, 10/08	Topic 2: Accounting for Lease (NAS 17) 2.1 Classification of Leases: Long-term Finance Lease, Operating Lease, Leasing 2.2 Accounting for Leases by Lessor 2.3 Accounting for Leases by Lessee	4	A. Nederita
Wednesday, 11/08	2.4 Accounting for Sale and Lease-back Transactions 2.5 Accounting for Leasing Transactions	4	V. Patrov/ I. Smirnova
Wednesday, 11/08	Topic 3: Accounting for the Effects of Changes in Foreign Exchange Rates (NAS 21) 3.1. Accounting for Exchange Differences Resulting From Export-Import Transactions 3.1.1 General Provisions 3.1.2 Exchange Differences Resulting From Export-Import Transactions 3.1.3 Exchange Differences Resulting from Barter Operations 3.1.4 Accounting for Exchange Differences Resulting From Severe Currency Fluctuations Where No Hedging Treatment Exists	4	S. Poberejnic (L. Grabarovschi)
Thursday, 12/08	3.2. Translation of Financial Statements: 3.2.1. Translation of Financial Statements of a Foreign Subsidiary 3.2.2. Translation of Financial Statements of a Foreign Entity: • minority interests in consolidated statements • goodwill resulting from acquisition of a foreign company • exchange differences resulting from elimination of intracompany asset balances • translation of the principal financial reporting formats (form #1, form #2, form #3, form #4) 3.2.3. Accounting for Exchange Differences Resulting From Disposal of a Foreign Entity	4	V. Patrov/ I. Smirnova
Thursday, 12/08	Topic 4: Business Combinations (NAS 22) 4.1. Business Combinations as a type of capital concentration 4.2. Legal Aspect of Business Combinations (legal basis and forms of Business Combinations) 4.3. Economic Aspect of Business Combinations • combination – purchase • combination – merge of interests 4.4. Financial and Accounting Aspects of Business Combinations evaluation of assets and liabilities in business combinations • determination of the rate of exchange • determination of business reputation • accounting entries • financial reporting • disclosure of information 4.5. Tax Aspects of Business Combinations • value-added taxation • income taxation	2 6	N. Tiriulnicova V. Patrov/ I. Smirnova

19/08	Topic 10: Reporting Financial Information by Segment (NAS 14) 10.1. Objective and Scope of NAS 14 10.2. Characteristic features and criteria for segment definition 10.3. Contents of Segmental Reporting	4	L. Gavriluc
19/08	Topic 11: Specific Features of the Related Party Disclosures (NAS 24)	4	N. Stratulat
20/08	Topic 12: Specific Features of Accounting for Non-Profit Organizations 12.1. Notion of Non-Profit Organizations. Types of Non-Profit Organizations 12.2. Legal Basis and Regulatory Activity of Non-Profit Organizations 12.3. Specific Features of Accounting for Non-Profit Organizations 12.4. Specific Features of Taxation in Non-Profit Organizations	8	T. Prisacar I. Zaharcenco
21/08 23/08	Topic 13: Tax Accounting 13.1. Notion of taxes (duties) and collection fees. Normative basis. Types of taxes (duties) and collection fees 13.2. Accounting for Republican (Government) Taxes (duties) and collection fees (a) accounting for income tax for physical persons (b) accounting for income tax for legal persons (c) accounting for VAT (d) accounting for excises (e) accounting for private tax (f) accounting for customs dues (g) accounting for road/transport taxes 13.3. Accounting for Local taxes and Collection Fees (a) accounting for land tax (b) accounting for real estate tax (c) accounting tax on the use of natural resources (d) accounting for tax on territory accomplishments	16	T. Prisacar I. Zaharcenco
24/08	Topic 14: Specific Features of Accounting for Agriculture 14.1 Accounting for Fixed Assets of Biological Origin (main livestock, orchards, vineyards) 14.2 Accounting for Livestock for raising and Fattening 14.3 Accounting for Plantation Costs 14.4 Accounting for Indirect Production Costs 14.5 Accounting for General and Administrative Costs 14.6 Calculation of Plantations Actual Production Costs 14.7 Accounting for Cattle Breeding Costs 14.8 Calculation of Cattle Breeding Actual Production Costs	8	V. Bucur
25/08 26/08	Topic 15: Managerial Accounting 15.1 The Concept of Management Accounting 15.2 Comparison of Financial and Managerial Accounting 15.3 The Management Process 15.4 The Accountant in the Enterprise 15.5 Case Study	16	L. Grabarovschi V. Paladi S. Poberejnic A. Brinister
	EXAM IV	4	
	TOTAL	132	

Part IV: BUSINESS LAW - 40 hrs*September 1 - 8, 1999***Exam # V - Wednesday, September 8' 99, 9.00-12.00**

<i>Day</i>	<i>Topic Description</i>	<i># hours</i>	<i>Instructor</i>
01.09	Topic 1: The notion of law. The law system. The sources of law.	2	S. Terzioglo
	Topic 2: The elaboration technique of normative acts in RM. The legal responsibility. The legal system in RM.	2	S. Terzioglo
	Topic 3: The definition of business law. The place of business law in the law system / the relation of business law with other branches of law. Fundamental sources of business law. The legal regulation of the entrepreneur activity in RM.	2	S. Terzioglo
02.09	Topic 4: The legal regulation of the property. The forms of this right. The attributes (elements) of the right to property. The procedure of obtaining the right to property.	2	S. Terzioglo
	Topic 5: Private property; Public (state) property;	2	S. Terzioglo
	Topic 6: Collective property (the property of legal persons); The protection of the right to property.	2	S. Terzioglo
03.09	Topic 7: The classification of the forms of enterprises in RM. The procedure of creating (founding) an enterprise.	2	S. Terzioglo
	Topic 8: The functioning of enterprises.	2	S. Terzioglo
	Topic 9: Several specific aspects of the different forms of enterprises in RM.	2	S. Terzioglo
06.09	Topic 10: General notions of bankruptcy.	2	S. Terzioglo
	Topic 11: The beginning of the bankruptcy suit.	2	S. Terzioglo
	Topic 12: The rights of the creditors and debtors in the bankruptcy suit.	2	S. Terzioglo
07.09	Topic 13: General notions on the business transactions. General contract theory.	2	S. Terzioglo
	Topic 14: The Law on the Sales of Goods in RM. The contract for the sales of goods with the participation of the economic agents.	2	S. Terzioglo
	Topic 15: The UN convention on the international sales of goods. The INCOTERMS rules -1990.	2	S. Terzioglo
08.09	Topic 16: The state regulations of the fiscal sphere. The state regulation of the banking sphere.	2	S. Terzioglo
	Topic 17: The state regulation of the custom activity. The state regulation of the foreign investments.	2	S. Terzioglo
	Topic 18: The state regulation of the external economic activity. The participation of the state at the international trade. The state regulation of the social aspect of the economic activity.	2	
09.09	EXAM V	4	
	TOTAL	40	

OUTLINE FOR SEMINAR
“ACCOUNTING FOR TAXES”

January 25 - February 5, 1999

Topic 1. Tax Code. Sections I and II. General Provisions.

Topic 2. Taxable Income Sources.

Topic 3. Nontaxable Income Sources

Topic 4. Deductions.

Fixed assets depreciation for tax purposes

Topic 5. Capital Gains and Losses

Topic 6. Accounting provisions.

Topic 7. Tax Credits.

Practice: Tax Declaration for Business

Topic 8. Tax Code, Section III “Value Added Tax”

Practice.

OUTLINE FOR SEMINAR
“AUDITING”
Part II
TOTAL 40 HOURS
November 1998 - January 1999

PART 2: TOPICS 8-15

Topic 8. RISK ASSESSMENT AND INTERNAL CONTROL

- 8.1. Introduction
- 8.2. Control Procedures
- 8.3. Segregation of Duties
- 8.4. Concepts that Underlie the Study of Internal Control Systems and the Assessment of Control Risk
- 8.5. Accounting Systems
- 8.6. Detailed Internal Control Objectives
- 8.7. Elements of the Internal Control System
- 8.8. Procedures to Obtain Understanding of ICS
- 8.9. Assessing Control Risk

Topic 9. OVERALL AUDIT PLAN AND AUDIT PROGRAM

- 9.1. Types of Tests
- 9.2. Types of Evidence
- 9.3. Substantive Tests of Transactions
- 9.4. Relationship between Tests of Controls and Substantive Tests
- 9.5. Design of the Audit Program
- 9.6. Analytical Procedures
- 9.7. Tests of Details of Balances
- 9.8. Relationship on IC Objectives to Audit Objectives
- 9.9. Summary to the Audit Process

Topic 10. AUDIT OF THE SALES AND COLLECTION CYCLE

- 10.1. Introduction
- 10.2. Elements of Sales and Collection Cycle
- 10.3. Internal Controls and Tests of Transactions for Sales

Topic 11. AUDIT SAMPLING

- 11.1. Introduction
- 11.2. Design of the Sample
- 11.3. Audit Objectives
- 11.4. Population
- 11.5. Stratification
- 11.6. Sample Size
- 11.7. Sampling Risk
- 11.8. Tolerable Error
- 11.9. Expected Error
- 11.10. Selection of Sample
- 11.11. Evaluation of Sample Results

Topic 12. THE NATURE OF ACCOUNTING ESTIMATES

- 12.1. Introduction
- 12.2. The nature of Accounting Estimates
- 12.3. Audit Procedures
- 12.4. Review and Testing the Process Used by Management
- 12.5. Use of Independent estimate
- 12.6. Review of Subsequent Events
- 12.7. Evaluation of Results of Audit Procedures

Topic 13. RELATED PARTIES

- 13.1. Introduction
- 13.2. Existence and Disclosure of Related Parties
- 13.3. Transactions with Related Parties
- 13.4. Examining Identified Related Party Transactions

13.5. Management Representations

Topic 14. SUBSEQUENT EVENTS

- 14.1. Introduction
- 14.2. Events Occurring up to the Date of the Auditor's Report
- 14.3. Facts Discovered After the Date of the Auditor's Report but Before the Financial Statements are Issued
- 14.4. Facts Discovered After the Financial Statements Have Been Issued
- 14.5. Offering of Securities to the Public
- 14.6. Flow Chart Subsequent Events (SE)

Topic 15. GOING CONCERN

- 15.1 Introduction
- 15.2 Appropriateness of the Going Concern Assumption
- 15.3 Audit Evidence
- 15.4 Audit Conclusions and Reporting
- 15.5 Analysis of Possible Scenarios Relating to Going Concern Problems and the Effects on the Auditor's Report
- 15.6 Summary

OUTLINE FOR SEMINAR
“PREPARATION OF ANNEXES TO FINANCIAL STATEMENTS AND OF VAT AND
INCOME TAX DECLARATIONS FOR ENTREPRENEURS”
(See PUB # 2 RUS, PUB # 4 ROM, PUB # 4 RUS)

TOTAL 40 HOURS
Chisinau (February 8 - 13, 1999)
Balti (February 15 – 20, 1999)

Topic 1.

Accounting for income tax pursuant to NAS 12
Structure of the income tax declaration for entrepreneurs
Composition of revenues. Preparation of the Annex 1D to the income tax declaration
Special rules related to calculation of the revenue for taxation purposes
Tax offsetting
Deductions provided by the Tax Code
Procedure for calculating the depreciation of fixed assets for taxation purposes
Determination of income summary after disposal of fixed assets calculated for taxation purposes.
Special rules related to calculation of expenses for taxation purposes

Topic 2.

Contents and characteristics of annexes to annual financial statements. The annex to the balance sheet.
Contents and procedure for preparing annexes to the balance sheet for the reporting year.
Contents and procedure for preparing annexes to the Income Statement. Procedure for preparing the explanatory note.

Topic 3.

Analysis of financial statements

Topic 4.

Accounting for VAT when purchasing inventories and consumption of services
Accounting for VAT related to made deliveries.
VAT related to sales on consignment and raw materials subject to processing. Procedure for preparing Purchase and Sale Ledgers and of the VAT Declaration.

TEST

OUTLINE FOR SEMINAR
“PREPARATION OF FINANCIAL STATEMENTS, V.A.T. RETURNS AND INCOME TAX
RETURNS BY ENTREPRENEURS”
(See PUB # 4 RUS)

March 22 – April, 1999

Topic 1.

- 1.1. General Provisions on Income Tax Accounting (NAS-12)
- 1.2. Structure of Tax Return
- 1.3. Tax Recognition

Topic 2.

- 2.1. Taxable Income:
 - ?) Dividends Paid by the Residents of the Republic of Moldova
 - b) Income as a Gift (Donation)
 - c) Income in Case of Forced Conversion of the Ownership
 - d) Capital Gain
- 2.2. Non-Coincidence of Reporting Periods on Income Recognition:
 - ?) Change in Accounting Methods
 - b) Diverse Accounting Methods for Finance Accounting and Tax Purposes
- 2.3. Special Rules of Income Evaluation for Tax Purposes
 - ?) Income as a Gift (Donation)
 - b) Other Income

Topic 3.

- 3.1. Limitations to the Deductions of Expenses
- 3.2. Procedure of Fixed Assets Accrual for Tax Purposes
- 3.3. Results Assessment at Fixed Assets Outflow for Tax Purposes

Topic 4.

- 4.1. Results Assessment at Fixed Assets Outflow for Tax Purpose
- 4.2. Value Basis Calculation of Fixed Assets in Case of Forced Conversion of the Ownership
- 4.3. Procedure for Assessment of Deferred Taxes, Related to Reevaluation of Fixed Assets

Topic 5.

- 5.1. Tax Losses
- 5.2. Versions of Income Statement Preparation and Evaluation of Assets and Liabilities Account Balances on Income Tax with Tax Result Record in Tax Return
- 5.3. Preparation of Tax Return and Final Accounting Records

Topic 6.

- 6.1. Taxable supply
- 6.2. V.A.T. Record on Delivery
- 6.3. Invoice and Procedure of Preparation of Sales Journal
- 6.4. Procedure of Reflecting Deliveries in V.A.T. Return

Topic 7.

- 7.1. Procedure of V.A.T. Recognition and Refund of Acquired Inventory and Services
- 7.2. V.A.T. Record Keeping of Acquired Inventory and Services under Recognition, Refund and in Case of V.A.T. not to be Carried to Account
- 7.3. Procedure of Preparation of Acquisition Journal
- 7.4. Procedure of Reflecting V.A.T. Recognition, Refund and Preparation of V.A.T. Return

Topic 8

- 8.1. Withholding of Tax from Wages
- 8.2. Procedure of Income Personal File and Income Tax Preparation
- 8.3. Procedure of Personal Accrued Wage Account Preparation and According Accounting Records
- 8.4. Withholding of Income Tax from Other Payments

Topic 9

- 9.1. Procedure of Preparation Notes to Balance Sheet
- 9.2. Procedure of Preparation of Notes to Income Statement
- 9.3. Procedure of Preparation of Explanatory Notes to Financial Statements
- 9.4. Financial Statements Analysis

OUTLINE FOR SEMINAR
“THE NEW ACCOUNTING SYSTEM IN THE REPUBLIC OF MOLDOVA DESIGNED FOR
ENTERPRISE MANAGEMENT”
(See PUB # 16 RUS)

April 6 – 8, 1999

- Topic 1. Overall Characteristics of the New Accounting and Tax Systems in the Republic of Moldova, Relationship and Differences**
- Topic 2. Procedure of Formation and Disclosure of Enterprise’s Accounting Policy**
- Topic 3. Overall Characteristics and Procedure of Financial Statements Presentation**
- Topic 4. Particularities of V.A.T. Calculations**
- Topic 5. Particularities of Enterprise Income Tax Calculation**
- Topic 6. Analysis of Enterprise’s Real Estate and Financial Position**
- Topic 7. Application of Financial Analysis Results in Management Decisions Taking**
- Topic 8. Practical Examples of Management Examples**

OUTLINE FOR SEMINAR
“ACCOUNTING FOR RETAILING”
(See Attachment 1.6)

November 1999

Topic 1. Accounting for goods inflows in retailing.

Topic 2. Valuation of the goods received based on initial value.

Topic 3. Determination of the selling price in retailing.

Topic 4. Determination of the retail price in trade.

Topic 5. Accounting for foreign trade transactions.

Topic 6. Accounting for sales of goods:

- documents required for a goods transaction
- wholesale trade
- consignment trade

Topic 7. Accounting for sales of goods in retailing.

Topic 8. Determination of cost of sales using the retailing method (identification cost, FIFO, weighted average)

Topic 9. Accounting for packing materials.

Topic 10. Inventory results and goods losses.

Topic 11. Reevaluation of goods in retail, wholesale trade and consignment trade.

Topic 12. VAT in the retail and wholesale trade according to Title 3, Tax Code

OUTLINE FOR SEMINAR
“ANALYSIS OF FINANCIAL STATEMENTS OF ECONOMIC ENTITIES”
(for businessmen)
(See PUB # 15 RUS)

April 21 – April 23, 1999

Topic . Explanatory note as an integral part of annual financial statements

- 1.1. Structure and presentation of the explanatory note
- 1.2. Practical recommendations on preparation of the explanatory note

Topic 2. Analysis of property and financial situation of the enterprise

- 2.1. Analysis of the volume of sales
- 2.2. Analysis of profit
- 2.3. Analysis of the structure of enterprise's assets
- 2.4. Analysis of the structure of sources of funding assets
- 2.5. Analysis of efficiency of use of assets
- 2.6. Analysis liquidity of the balance sheet
- 2.7. Analysis of cash flows
- 2.8. Analysis of profitability
- 2.9. Analysis of market indices

OUTLINE FOR SEMINAR
“INTERNATIONAL PROGRAM IN ACCOUNTING AND AUDITING”
(for educational institutions’ professors)
(See PUB # 9 ROM, PUB # 9 RUS, PUB # 10 ROM, PUB # 10 RUS, PUB # 11 ROM, PUB # 12 RUS,
PUB # 13 ROM, PUB # 13 RUS)

Summer 1999 - Stage II
TOTAL 258 HOURS

PART I. AUDITING

Topic 1. Nature and contents of Auditing

- 1.1. History of Auditing. Main Stages of Development.
- 1.2. Definition of Auditing. Distinction between Auditing and Control. Types of Auditing Services
- 1.3. Fundamentals of Auditing

Topic 2. Auditors’ Professional Ethics.

Topic 3. Rights and Responsibilities of Auditors and Clients.

Topic 4. Types of Audit.

Topic 5. Concept of Materiality and Evaluation Criteria.

Topic 6. Definition and Types of Audit Risks.

Topic 7. Audit Planning.

Topic 8. Analytical Procedures.

Topic 9. Engagement of Other Persons in the Audit Process.

Topic 10. Audit Evidence.

Topic 11. Documentation of Audit.

Topic 12. Audit of Annual Financial Reports.

- 12.1. Audit of Assets.
- 12.2. Audit of Liabilities and Owner’s Equity.
- 12.3. Audit of Income Statement.

Topic 13. Audit Sampling.

- 13.1. General Provisions.
- 13.2. Statistical Sampling. Qualitative Sampling (general provisions, random number selection, systematic sample selection with random errors distribution, mixed). Quantitative Sampling (monetary amount sampling, mean per unit amount, mean per unit amount stratification, difference and ratio estimation)
- 13.3. Nonstatistical sampling

Topic 14. Audit Results.

- 14.1. Audit Report
- 14.2. Audit Opinion

Topic 15. Selection Criteria of the Auditor and the Consultant.

Topic 16. Audit Personnel Management.

- 16.1. Personnel Management Principles.
- 16.2. Position Analysis and Job Description Development
- 16.3. Personnel Hiring Procedures
- 16.4. Selection
- 16.5. Personnel Certification
- 16.6. Evaluation of Employees’ Professional and Personal Qualities

Topic 17. Errors and Fraud Discovered within the Audit

- 17.1. Notions and Types of Errors and Fraud
- 17.2. Detection of Errors and Fraud

TEST I

PART II. FINANCIAL MANAGEMENT

Topic 1. Goals, Tasks and Essence of Financial Management within market economy conditions

Topic 2. Fundamentals of Financial Mathematics

- 2.1. Logic of Financial Operations in Market Economy
- 2.2. Concept of Discounting
- 2.3. Classifications of Cash Flows and Methods of Evaluating

Topic 3. Financial Decisions on commercial entity’s assets

- 3.1. Methods of Evaluating Financial Assets
- 3.2. Risk and Profitability of Financial Assets
- 3.3. Decision Making on Investments Projects

3.4. Analysis and Management of Current Assets

Topic 4. Financial Decisions on commercial entity's sources of assets

- 4.1. Sources of Assets and Methods of Financing
- 4.2. Analysis of Capital's Cost and Structure
- 4.3. Dividend Payment Policy

TEST II

PART III. ADVANCED ACCOUNTING AND NEW ACCOUNTING STANDARDS

Topic 1. Financial Instruments: Disclosure and Presentation (NAS 32)

Topic 2. Accounting for Lease (NAS 17)

Topic 3. Accounting for the Effects of Changes in Foreign Exchange Rates (NAS 21)

Topic 4. Business Combinations (NAS 22)

Topic 5. Financial Reporting of Interests in Joint Ventures (NAS 31)

Topic 6. Financial Reporting in Hyperinflationary Economies (NAS 29)

Topic 7. Consolidated Financial Statements (NAS 27)

Topic 8. Accounting for Liquidation of an Enterprise

TEST III

Topic 9. Recommendations for Accounting for Intangible Assets (NAS 13)

Topic 10. Reporting Financial Information by Segment (NAS 14)

Topic 11. Specific Features of the Related Party Disclosures (NAS 24)

Topic 12. Specific Features of Accounting for Non-Profit Organizations

Topic 13. Tax Accounting

Topic 14. Specific Features of Accounting for Agriculture

Topic 15. Managerial Accounting

TEST IV

PART III. ADVANCED ACCOUNTING AND NEW ACCOUNTING STANDARDS

Topic 1. Financial Instruments: Disclosure and Presentation (NAS 32)

- 1.1. Notion of Financial Instruments
- 1.2. Information Presentation
 - 1.2.1. Liabilities and Capital
 - 1.2.2. Interest, Dividends, Profits and Losses
 - 1.2.3. Offset of Financial Assets and Financial Liabilities
- 1.3. Information Disclosure
 - 1.3.1. Conditions of Financial Instruments and Accounting Policy
 - 1.3.2. Interest Rate Risk and Credit Risk
 - 1.3.3. Fair Value

Topic 2. Accounting for Lease (NAS 17)

- 2.1. Classification of Leases: Long-term Finance Lease, Operating Lease, Leasing
- 2.2. Accounting for Leases by Lessor
- 2.3. Accounting for Leases by Lessee
- 2.4. Accounting for Sale and Lease-back Transactions
- 2.5. Accounting for Leasing Transactions

Topic 3. Accounting for the Effects of Changes in Foreign Exchange Rates (NAS 21)

- 3.1. Accounting for Exchange Differences Resulting From Export-Import Transactions
 - 3.1.1. General Provisions
 - 3.1.2. Exchange Differences Resulting From Export-Import Transactions
 - 3.1.3. Exchange Differences Resulting from Barter Operations
 - 3.1.4. Accounting for Exchange Differences Resulting From Severe Currency Fluctuations Where No Hedging Treatment Exists
- 3.2. Translation of Financial Statements:
 - 3.2.1. Translation of Financial Statements of a Foreign Subsidiary
 - 3.2.2. Translation of Financial Statements of a Foreign Entity:
 - minority interests in consolidated statements
 - goodwill resulting from acquisition of a foreign company
 - exchange differences resulting from elimination of intracompany asset balances
 - translation of the principal financial reporting formats (form #1, form #2, form #3, form #4)

3.2.3. Accounting for Exchange Differences Resulting From Disposal of a Foreign Entity

Topic 4. Business Combinations (NAS 22)

- 4.1. Business Combinations as a type of capital concentration
- 4.2. Legal Aspect of Business Combinations (legal basis and forms of Business Combinations)
- 4.3. Economic Aspect of Business Combinations
 - combination – purchase
 - combination – merge of interests
- 4.4. Financial and Accounting Aspects of Business Combinations
 - evaluation of assets and liabilities in business combinations
 - determination of the rate of exchange
 - determination of business reputation
 - accounting entries
 - financial reporting
 - disclosure of information
- 4.5. Tax Aspects of Business Combinations
 - value-added taxation
 - income taxation

Topic 5. Financial Reporting of Interests in Joint Ventures (NAS 31)

- 5.1. General Provisions
- 5.2. Forms of Joint Control Business Activities:
 - joint activity without common assets and reflecting of interest in the financial statements
 - joint activity with common assets and reflecting of interest in the financial statements
 - joint ventures and reflecting of interest in the financial statements
- 5.3. Using Proportionate Consolidation Method for Combined Financial Statements by the participants of Joint Venture
- 5.4. Transactions Between Joint Venture and its Participants

Topic 6. Financial Reporting in Hyperinflationary Economies (NAS 29)

- 6.1. Need for Restatement of Financial Statements
- 6.2. Financial Reporting Based On Actual Acquisition Cost
 - Balance Sheet
 - Income Statement
 - Net Cash Flow Items
- 6.3. Financial Reporting Based On Replacement Cost
 - Balance Sheet
 - Income Statement
 - Net Cash Flow Items
- 6.4. Accounting for Differences Between Taxable and Accounting Profit Resulting From the Restatement of Financial Statements
- 6.5 Selection and use of the general price index

Topic 7. Consolidated Financial Statements (NAS 27)

- 7.1. Consolidated Financial Statements in Subsequent Periods:
 - elimination of intercompany income and expenses
 - elimination of unrealized profit and losses resulting from intercompany transactions and included in inventory
 - elimination of dividends in intercompany transactions
 - minority interest in net profit of consolidated subsidiaries
 - minority interest in equity of subsidiaries
 - income and expenses resulting from disposal of a subsidiary

Topic 8. Accounting for Liquidation of an Enterprise

- 8.1. General Provisions and legal procedure for Liquidation of an Enterprise
 - Legal Aspects of Liquidation
 - Procedures Applied on Debtor and Stages of Liquidation
 - Debtor's Property
 - Property Inventory and Valuation on Liquidation of an Enterprise
- 8.2. Accounting for Transactions on Liquidation of an Enterprise
 - Sale of Debtor's Property
 - Pay-off of Accounts Receivable
 - Settlements of Accounts Payable
 - Accounting for Expenses on Liquidation
- 8.3. Closing Entries and Final Liquidation Balance Sheet
 - Liquidation Process Resulting with Profit

- Liquidation Process Resulting with Losses
- 8.4. Accounting for Assets' Distribution After Creditors' Claims Are Settled

TEST III

Topic 9. Recommendations for Accounting for Intangible Assets (NAS 13)

- 9.1. Accounting for Entry of Intangible Assets
- 9.2. Accounting for Subsequent Expenses
- 9.3. Accounting for Amortization
- 9.4. Accounting for Disposal of Intangible Assets

Topic 10. Reporting Financial Information by Segment (NAS 14)

- 10.1. Objective and Scope of NAS 14
- 10.2. Characteristic features and criteria for segment definition
- 10.3. Contents of Segmental Reporting

Topic 11. Specific Features of the Related Party Disclosures (NAS 24)

Topic 12. Specific Features of Accounting for Non-Profit Organizations

- 12.1. Notion of Non-Profit Organizations. Types of Non-Profit Organizations
- 12.2. Legal Basis and Regulatory Activity of Non-Profit Organizations
- 12.3. Specific Features of Accounting for Non-Profit Organizations
- 12.4. Specific Features of Taxation in Non-Profit Organizations

Topic 13. Tax Accounting

- 13.1. Notion of taxes (duties) and collection fees. Normative basis. Types of taxes (duties) and collection fees
- 13.2. Accounting for Republican (Government) Taxes (duties) and collection fees
 - (a) accounting for income tax for physical persons
 - (b) accounting for income tax for legal persons
 - (c) accounting for VAT
 - (d) accounting for excises
 - (e) accounting for private tax
 - (f) accounting for customs dues
 - (g) accounting for road/transport taxes
- 13.2. Accounting for Local taxes and Collection Fees
 - (a) accounting for land tax
 - (b) accounting for real estate tax
 - (c) accounting tax on the use of natural resources
 - (d) accounting for tax on territory accomplishments

Topic 14. Specific Features of Accounting for Agriculture

- 14.1. Accounting for Fixed Assets of Biological Origin (main livestock, orchards, vineyards)
- 14.2. Accounting for Livestock for raising and Fattening
- 14.3. Accounting for Plantation Costs
- 14.4. Accounting for Indirect Production Costs
- 14.5. Accounting for General and Administrative Costs
- 14.6. Calculation of Plantations Actual Production Costs
- 14.7. Accounting for Cattle Breeding Costs
- 14.8. Calculation of Cattle Breeding Actual Production Costs

Topic 15. Managerial Accounting

- 15.1. The Concept of Management Accounting
- 15.2. Comparison of Financial and Managerial Accounting
- 15.3. The Management Process
- 15.4. The Accountant in the Enterprise
- 15.5. Case Study

TEST IV

PART IV. BUSINESS LAW

Topic 1. The notion of law. The law system. The sources of law.

Topic 2. The elaboration technique of normative acts in RM. The legal responsibility. The legal system in RM.

Topic 3. The definition of business law. The place of business law in the law system / the relation of business law with other branches of law. Fundamental sources of business law. The legal regulation of the entrepreneur activity in RM.

Topic 4. The legal regulation of the property. The forms of this right. The attributes (elements) of the right to property. The procedure of obtaining the right to property.

Topic 5. Private property;

Public (state) property;

- Topic 6. Collective property (the property of legal persons);**
The protection of the right to property.
- Topic 7. The classification of the forms of enterprises in RM.**
The procedure of creating (founding) an enterprise.
- Topic 8. The functioning of enterprises.**
- Topic 9. Several specific aspects of the different forms of enterprises in RM.**
- Topic 10. General notions of bankruptcy.**
- Topic 11. The beginning of the bankruptcy suit.**
- Topic 12. The rights of the creditors and debtors in the bankruptcy suit.**
- Topic 13. General notions on the business transactions.**
General contract theory.
- Topic 14. The Law on the Sales of Goods in RM.**
The contract for the sales of goods with the participation of the economic agents.
- Topic 15. The UN convention on the international sales of goods.**
The INCOTERMS rules -1990.
- Topic 16. The state regulations of the fiscal sphere.**
The state regulation of the banking sphere.
- Topic 17. The state regulation of the custom activity.**
The state regulation of the foreign investments.
- Topic 18. The state regulation of the external economic activity.**
The participation of the state at the international trade.
The state regulation of the social aspect of the economic activity.

EXAM V

OUTLINE FOR SEMINAR
“MANAGERIAL ACCOUNTING AND ANALYSIS”
(See PUB # 6 ROM, PUB # 6 RUS)

TOTAL 180 HOURS

October 11-22, 1999 – in-class instruction
October 25 – November 12, 1999 – on-site consulting engagements

Topic 1. Managerial Accounting Fundamentals

Topic 2. The Role of Managerial Accounting in Making Planning Decisions

- 2.1. The essence of budgeting and types of budgets.
- 2.2. Budget preparation and coordination.
- 2.3. Development of the operating budget
- 2.4. Development of the Financial Budget (cash flow and balance sheet)

Topic 3. Operating Decision Making

- 3.1. Break-even analysis.
- 3.2. Making decisions on discontinuing or continuing a group of products
- 3.3. Accepting or declining a special order.
- 3.4. Pricing decisions

Topic 4. The Role of Managerial Accounting in Making Control Decisions

- 4.1. Standard cost concept in the standard-cost system.

OUTLINE FOR SEMINAR
“FINANCIAL REPORTING BASED ON CASE STUDY”
(See PUB # 8 ROM, PUB # 8 RUS)

January 18 – February 05, 1999

- Topic 1. Accounting for Long-term Tangible and Intangible Assets**
 - Topic 2. Accounting for Inventory**
 - Topic 3. Accounting for Accounts Receivable**
 - Topic 4. Accounting for Cash**
 - Topic 5. Accounting for Accounts Payable**
 - Topic 6. Accounting for Revenues**
 - Topic 7. Accounting for Expenses**
 - Topic 8. Legal bases for Local Taxation**
 - Topic 9. Income Tax on Individuals**
 - Topic 10. Accounting for VAT and Excise Taxes**
 - Topic 11. Income Tax on Legal Entities**
 - Topic 12. Financial Statement Reporting**
 - 12.1. Balance sheet
 - 12.2. Income Statement
 - 12.3. Statement of Movements in Owners' Equity
 - 12.4. Cash Flow Statement
 - Topic 13. Analysis of Financial Statements**
 - 13.1. Analysis of Structure: Assets
 - 13.2. Analysis of Structure: Sources of Asset Financing
 - 13.3. Analysis of Owners' Equity
 - 13.4. Analysis of Liquidity
 - 13.5. Analysis of Efficiency of Assets
 - 13.6. Analysis of Profitability
 - 13.7. Analysis of Cash Flows
 - 13.8. Analysis of Market Indices
- Preparation of Explanatory Note based on the Case Study**
- TEST # I**

OUTLINE FOR SEMINAR
“WHY MOLDOVAN GENERAL MANAGERS NEED THE NEW ACCOUNTING SYSTEM”
(See PUB # 16 RUS)

Prepared by Ken Mac Leod, International Executive Service Corps Volunteer-Executive

1999

PART I. WHY GENERAL DIRECTORS IN MOLDOVA NEED THE NEW ACCOUNTING SYSTEM

Why you need the “New Moldovan Accounting System” for managerial and financial reporting

What is managerial and financial reporting using NMAS

What are the most common types of managerial and financial reports

Other types of managerial and financial reporting

Difference between Previous Tax Accounting System and New Moldovan Accounting System

Income Statement

New Moldovan Accounting System Balance Sheet

Management Income and Expense Report

PART II. FINANCIAL STATEMENT ANALYSIS

Performance measurement ratios

Income and Expense Statement Ratios

Management Income and Expense Report

Moldovan National Accounting Standards Balance Sheet

Balance Sheet Ratios

Accounting Receivable Aging Report

Cash Flow Statement

Case Study: Analysis of Inventories

SUMMARY OF THE 2000 SUMMER TRAINING SESSION

As a result of higher demand in 1999, the most of popular training seminars were upgraded and offered in summer of 2000.

Newly Developed Training for Practitioners and Trainees

- | | | |
|-----------------------------------|--------|------------------|
| • Financial Management | 60hrs | 90 participants |
| • Business Law | 40 hrs | 144 participants |
| • Managerial Accounting | 60 hrs | 40 participants |
| • New Accounting System (for MOF) | 40 hrs | 43 participants |

Fall 2000

- Audit of Financial Statements in conformity with NSA 60 hrs 100 participants
- Summer 2000 **“Financial Management”** seminar, designed for financial managers, economic analysts, accountants, GOM officials, NGOs’ representatives, auditors and academia community was held during August 14-26 and was taught by Mr. Valery Kovalev, Professor of the St-Petersburg State University. The seminar was attended by 91 participants, out of which 60 passed the exam and received the certificates. The final curriculum with a total of 60 hours included:

The course was recorded on videotapes that are already in high demand among the academia community and businesses.

- Summer 2000 **“Business Law”** Seminars, designed for accountants, analysts, financial managers, GOM officials, NGOs’ representatives were held during July 29-August 3 in Ungheni and during October 28-November 2 in Drochia and was taught by prof. S. Terzioglo, member of Bar Association of the RM.

A total of 144 participants took part at both seminars – representatives of 123 enterprises, 6 professors, 7 students, 8 local authorities.

135 participants successfully ended the seminar and took 4-hour test in the end of course. The average grade of participants in the seminar is 85 per cent. All participants were awarded graduation certificates. The participants in a form of questionnaire procedure evaluated the course outcome. The overall data obtained demonstrated their high appraisal of the course. Based on a 6 criteria form, the course was evaluated on an average score of **5.62**.

- Summer 2000 **“Managerial accounting”** *Train- the- Trainers* Seminar designed both for the Academia Community and accounting practitioners was held in Chisinau during the period of August 14 – 26, 2000 and was taught by team of MARP professors. 33 participants were enrolled for this seminar, representing 15 economic entities (21 – from 6 higher education institutions, 6 – from 4 colleges, 6 practitioners from 5 enterprises).

33 participants successfully ended the seminar and took 4-hour test in the end of course. The average grade of participants in the seminar is 91 per cent. All participants were awarded graduation certificates. The participants in a form of questionnaire procedure evaluated the course

outcome. The overall data obtained demonstrated their high appraisal of the course. Based on a 6 criteria form, the course was evaluated on an average score of **5.98**.

The geographical distribution of the participants is shown as follows:

1. Central Area of Moldova	26
2. Northern Area of Moldova	7

During the seminar the monitoring was performed to establish the potential of the managerial accounting professors. 17 out of 33 participants expressed the desire to teach managerial accounting in the future.

- The “*New Accounting System*” seminar for representatives of the Ministry of Finance and Ministry of Economy and Reforms was held in Chisinau during the period of June 26-July 1, 2000. The seminar main topics included selected NASs, Managerial Accounting, tax issues and others. Seminar was attended by 43 participants, of which 6 participants represented Ministry of Finance (Chisinau), 5 participants – Ministry of Economy and Reforms, and all MOF regional financial departments.

The evaluation rate of the course quality according to the participants is 5.98 out of 6.

- The full set of newly developed training materials on “**Audit of Financial Statements in conformity with NSA**” seminar, offered in Fall of 2000, was given to AESM Accounting Department. Professors of Audit are used those materials for educational process as a part of new audit curriculum implementation.

OUTLINE FOR SEMINAR «FINANCIAL MANAGEMENT»
(See PUB # 12 RUS)

TOTAL 60 HOURS
V.V. KOVALEV

August 14 – August 25, 2000

- Topic 1. Essence of Financial Management**
 - 1.1. Evolution of Financial Management
 - 1.2. Content of Financial Management
 - 1.3. Financial Tools and Methods
 - 1.4. Financial Markets
 - 1.5. Basic Concepts of Financial Management
- Topic 2. Reporting in the Financial Management System**
 - 2.1. Regulation of Accounting and Reporting
 - 2.2. International Reporting
 - 2.3. Reporting and International Standards
 - 2.4. Reporting and Capital Markets
 - 2.5. Interpretation of Financial Statements
 - 2.6. Fundamentals of Financial Statements Analysis
- Topic 3. Types of Risk and Leverage, their Relationship**
 - 3.1. Concept and Types of Leverage
 - 3.2. Calculation of Break-even Sales
- Topic 4. Fundamentals of Financial Mathematics**
 - 4.1. Financial Transaction Logic
 - 4.2. Interests Rates
 - 4.3. Evaluation of Bill Transactions
 - 4.4. Annuity
 - 4.5. Annuity Valuation
 - 4.6. Bankbook Method
- Topic 5. Evaluation of Financial Assets**
 - 5.1. Types of Financial Assets
 - 5.2. Basic Estimation Model
 - 5.3. Bonds Valuation
 - 5.4. Stocks Valuation
- Topic 6. Risk and Return on Financial Assets**
 - 6.1. Risk Concept and Valuation
 - 6.2. Asset and Portfolio Risk
 - 6.3. Pricing Model in the Securities Market
 - 6.4. Indicators in the Securities Market
- Topic 7. Investment Decisions**
 - 7.1. Investment Project Concept
 - 7.2. Investment Project Evaluation Criteria
 - 7.3. Comparison of Evaluation Criteria
 - 7.4. Evaluation of Investment Projects in an Inflation and Risky Environment
 - 7.5. Optimization of Investment Budget
- Topic 8. Working Capital Management and Analysis**
 - 8.1. Working Capital Concept
 - 8.2. Inventory Management
 - 8.3. EOQ Model
 - 8.4. Receivables Management
 - 8.5. Cash Management
- Topic 9. Sources of Finance and Methods of Financing**
 - 9.1. Types of Sources
 - 9.2. Equity Description
 - 9.3. Loan Capital Description
- Topic 10. Analysis of Cost and Structure of Capital**
 - 10.1. Cost of Capital Source Concept
 - 10.2. Comparative Description of Capital Cost
 - 10.3. Decisions on Capital Structure
 - 10.4. Estimation of the Cost of Short-term Sources
- Topic 11. Dividend Payout Policy**
 - 11.1. Dividends or Reinvestment?
 - 11.2. Dividend Policy Theories
 - 11.3. Factors Determining Dividend Policy
 - 11.4. Dividend Payout Types
- Topic 12. Special Topics**
 - 12.1. Financial Decisions in an Inflation Environment
 - 12.2. Valuation Methods and Financial Decisions in an Inflation Environment
 - 12.3. Bankruptcy Forecasting

TEST

OUTLINE FOR SEMINAR
«BUSINESS LAW»
(See PUB # 13 ROM, PUB # 13 RUS)

Total 40 hours
June 24 – July 29, 2000

- Topic 1.** Notion of law. Law system. Sources of law.
- Topic 2.** Drafting techniques in the RM. Judicial system in the RM
- Topic 3.** Business law in the law system. Regulation of entrepreneurial activities in the RM and its sources
- Topic 4.** Property right. Private, public, and collective property
- Topic 5.** Enterprise classification in RM. Creation and operation of enterprises
- Topic 6.** Specific aspects of various forms of enterprises in the RM
- Topic 7.** General notions related to bankruptcy. Initiation of the bankruptcy proceeding. Creditors and debtors' rights in the bankruptcy proceeding.
- Topic 8.** General notions related to conventions. General theory of contracts
- Topic 9.** Law on the sale of goods in the RM. Sales contract with participation of an economic agent.
- Topic 10.** UN convention on the international sale of goods. INCOTERMS-1990
- Topic 11.** State fiscal regulation
- Topic 12.** State customs regulation
- Topic 13.** State foreign investment regulation. State regulation of foreign economic activities
- Topic 14.** State participation in foreign trade relations. State regulation of the social aspect of economic activities
- Topic 15.** Legal aspect of the LAND program in RM. Law on agricultural enterprise restructuring in the privatization process (Law No. 392-XIV of May 13, 1999)
- Topic 16.** Legal aspect of the agricultural reform in RM. Purchase/sale, lease, donation, and exchange of agricultural land
- Topic 17.** Decision No. 854 of September 17, 1999 on State Support of Agricultural Enterprise Restructuring in the Privatization Process

TEST

OUTLINE FOR SEMINAR
“MANAGERIAL ACCOUNTING”
(train the trainers course)
(See PUB # 6 ROM, PUB # 6 RUS)

TOTAL 60 HOURS
August 14 – 26, 2000

PART 1. INTRODUCTION IN MANAGERIAL ACCOUNTING

Topic 1. Principles of managerial accounting

- 1.1. Managerial accounting as a component of accounting system
- 1.2. Content of managerial accounting
- 1.3. Managerial accounting method and its elements
- 1.4. Purpose and users of managerial accounting information
- 1.5. Relation between managerial accounting and financial accounting
- 1.6. Organizational aspects of managerial accounting

Topic 2. Costs classification and evaluation

- 2.1. Essence, tasks and principles of cost accounting
- 2.2. Classification and fluctuation of costs
- 2.3. Costs-volume-profit. Definition of break even point

Topic 3. Product costing methods

- 3.1. General principles of product costing
- 3.2. Distribution method of indirect manufacturing costs
- 3.3. Job order costing
- 3.4. Process costing. Properties of partially completed units and non partially completed units methods
- 3.5. Normative costing method
- 3.6. Standard – cost method
- 3.7. Issues on cost accounting and costing

PART 2. BUDGETING AND CONTROL OVER EXECUTION OF BUDGETS

Topic 4. Budgeting

- 4.1. Essence, role and purposes of budgeting
- 4.2. Types, description and structure of budgets
- 4.3. Development and coordination of general/ consolidated budget
 - 4.3.1. Organizing budget development and coordination
 - 4.3.2. Operational budgeting
 - 4.3.3. Financial budgeting

Topic 5. Analysis of information for efficient decision making

- 5.1. Description of managerial decision making
- 5.2. “Cost-Volume-Profit” analysis for decision making
 - 5.2.1. Analysis of influence of cost, price and volume changes on profit
 - 5.2.2. Product range decisions
 - 5.2.3. Decision making under a limiting factor
 - 5.2.4. Acceptance or rejection of an order
- 5.3. Decision making on pricing

Topic 6. Control of budget execution

- 6.1. Budget control system.
- 6.2. Control and analysis of enterprise activity

Topic 7. Information Analysis for Making Decisions on Cost Control

- 7.1. Standards and deviations from them as a means to improve control
- 7.2. Deviation analysis for managerial decision making
 - 7.2.1. Deviations on direct material costs
 - 7.2.2. Deviations on direct labor costs
 - 7.2.3. Deviations on indirect production costs
 - 7.2.4. Deviations on gross profit

Topic 8. Analysis and management of current assets and short term liabilities

- 8.1. Compound analysis and management of current assets and short term liabilities
- 8.2. Inventories analysis and management
- 8.3. Cash analysis and management
- 8.4. Accounts receivable analysis and management
- 8.5. Accounts payable analysis and management

Topic 9. Information analysis for long term investment decision making

- 9.1. Essence of investment decision making. Role of investment decision making to further enterprise costs and income
- 9.2. Procedure and selection criteria for investment projects
- 9.3. Methods of investment projects evaluation
- 9.4. Basic rules of cash flow forecast for implementation of investment projects

TEST

OUTLINE FOR SEMINAR
“MANAGERIAL ACCOUNTING”
(See PUB # 6 ROM, PUB # 6 RUS)

TOTAL 33 HOURS

Topic 1. Managerial Accounting Fundamentals

Topic 2. The Role of Managerial Accounting in Making Planning Decisions

The essence of budgeting and types of budgets. Budget preparation and coordination.
Development of the operating budget
Development of the operating budget
Development of the Financial Budget (cash flow and balance sheet)

Topic 3. Operating Decision Making

“Costs-Output-Profit” Analysis
Product mix planning
Accepting or Declining Special Orders

Topic 4. The Role of Managerial Accounting in Making Control Decisions

Standard cost concept in the standard-cost system
Variance analysis as a cost control tool. Flexible budgeting
Variance analysis as a cost control tool. Flexible budgeting

Topic 5. Working Capital Management

Comprehensive analysis of working capital
Inventory control and management

Topic 6. Long-term Decision Making

Capital expenditure decision-making

OUTLINE FOR SEMINAR
«AUDITS OF FINANCIAL STATEMENTS IN ACCORDANCE WITH THE NATIONAL
STANDARDS ON AUDITING»
(for certified auditors)
(See Attachment 2a, 2b, 2c)

TOTAL 60 HOURS

SECTION I. METHODOLOGICAL FRAMEWORK OF THE AUDIT OF FINANCIAL STATEMENTS

- ? opic 1. Conceptual Framework of the Audit and Related Services (NSAs 120, 200)
- ? opic 2. Pre-engagement activities (NSA 210)
- ? opic 3. Planning Activities (NSAs 300, 310, 320)
- ? opic 4. Risk Assessment and Internal Control (NSA 400)
- ? opic 5. Designing Substantive Audit Programs (NSAs 300, 500)
- ? opic 6. Auditor's Working Papers (NSA 230)
- ? opic 7. Extent of Audit Procedures (NSAs 500, 530)

SECTION II. METHODOLOGY OF CONDUCTING AN AUDIT OF FINANCIAL STATEMENTS

- ? opic 8. Audit of the "sales / trade receivables / cash receipts" cycle
- ? opic 9. Audit of the "purchases/ inventory / short-term trade liabilities / cash disbursements" cycle
- ? opic 10. Audit of long-term and other assets
- ? opic 11. Audit of investments
- ? opic 12. Audit of equity and long-term liabilities
- ? opic 13. Audit of short-term financial and accrued liabilities

SECTION III. CONCLUDING AN AUDIT

- ? opic 14.– General Procedures of Conducting an Audit (NSAs 240, 250, 540, 550, 560, 570, 580)
- Topic 15. Review, evaluation and documentation of the audit results (NSAs 520, 700)

SECTION IV. THE CODE OF PROFESSIONAL CONDUCT OF ACCOUNTANTS AND AUDITORS

- ? opic 16. The Code of Professional Conduct of Accountants and Auditors

TEST

OUTLINE FOR SEMINAR
«THE NEW ACCOUNTING SYSTEM»
(for the representatives of the regional departments of the
MOF Accounting Methodology Department)
(See PUB # 6 ROM, PUB # 6 RUS)

TOTAL 40 HOURS
June 26 – July 1, 2000

- Topic 1.** NAS#4 “Specifics of Accounting by Small Business Entities”
- Topic 2.** NAS#17 “Accounting for Leases”
- Topic 3.** Managerial Accounting Fundamentals
- Topic 4.** The Role of Managerial Accounting in Making Planning Decisions.
The essence of budgeting and types of budget
Budget preparation and coordination
- Topic 5.** Tax Changes in the Law of Budget of 2000
- Topic 6.** Operating Decision Making
Product mix planning
- Topic 7.** The Role of Managerial Accounting in Making Control Decisions
Standard cost concept in the standard-cost system
Variance analysis as a cost control tool. Flexible budgeting
- Topic 8.** Exposure NAS#6 “Specifics of Accounting in Agriculture”
- Topic 9.** Tax Legislation. VAT
- Topic 10.** Tax Legislation. Income Tax
- Topic 11.** Property Tax
- Topic 12.** Export-Import Transactions
Briefing on the activities of the regional departments of the MOF Accounting Methodology Department
- Topic 13.** Working Capital Management
Comprehensive analysis of working capital
Inventory control and management
- Topic 14.** Long-Term Decision Making. Capital Expenditure Decision Making.
- TEST**

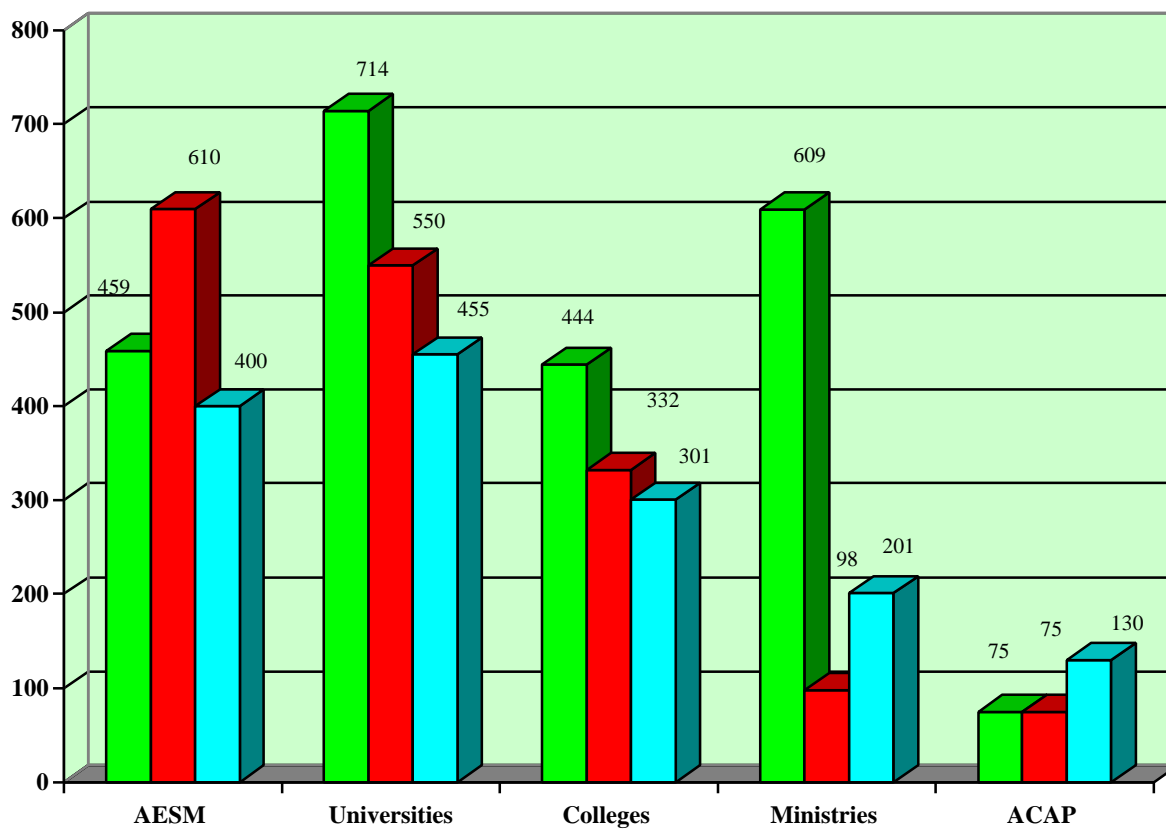
CURRICULUM REFORM TEXTBOOKS DONATED

Name of High Educational Institution	Financial Accounting, in Romanian and in Russian Chisinau, ACAP, 1999	Managerial Accounting, in Romanian and in Russian, Chisinau, ACAP, 2000	B. E Needles “Principles of Accounting”, in Romanian Chisinau, 2000 and in Russian Moscow, 1999	Other Books	Total
1. Academy of Economic Studies	573	650	400	755	2 378
2. Agrarian State University	142	84	65	22	313
3. State University “Aleco Ruso” Balti	152	94	35	33	314
4. State University Comrat	32	34	20		86
5. Technical State University	142	64	65	11	282
6. Independent University (ULIM)	52	34	35	44	165
7. Institute of International Relations “Perspectiva”	42	24	15		81
8. International Institute of Management	42	24	15		81
9. University of Applied Sciences	40	20	15		75
10. University of Commerce	62	64	115		241
11. International Academy of Business Law and Audiovisual Arts	20	20	15		55
12. Academy of Public Administration	10	10	15		35
13. International University of Finance and Law	-	2	10		12
14. Nistean Institute of Economic and Law	100	100	20		220
15. University of Humanitarian Studies	42	24	15		81
16. College of Finance and Banking Chisinau	72	64	110	44	290
17. College of Agricultural and Industrial Rascani	72	44	20	22	158
18. College of Commerce Chisinau	52	2	18	22	94

19. Republican College of Computer Science Chisinau	72	34	18	33	157
20. Agrotechnical College Cahul	52	44	20	11	127
21. Private College of Economy and Law "Socrate"	17	14	8		39
22. Agricultural and Industrial College Ocnita	17	24	10		51
23. Agricultural and Industrial College Taul	17	24	15		56
24. Agrotechnical College Svetlii	17	24	15		56
25. College of Telecommunications	10	10	8		28
26. Industrial and Construction College Chisinau	10	10	8	22	50
27. National College of Wine Stauceni	5	10	13		28
28. College of Livestock Bratusheni	5	10	13		28
29. Agricultural and Industrial College Grinautsi	5	10	15		30
30. Ministry of Agriculture, Training Department	13	4	5		22
31. College of Law and Finance	-	2	5		7
32. College of Agriculture and Business Chisinau	5	2	5		12
Total	1 892	1 580	1 161	1 019	5 652

NEW ACCOUNTING CURRICULUM IMPLEMENTATION

MARP/FWMI Manuals Donation



■ Financial Accounting Manual, Rom&Rus

■ Managerial Accounting Guide, Rom&Rus

■ B. Needles "Principles of Accounting Textbook", Rom&Rus

Accounting Reform in Education
NEW ACCOUNTING CURRICULUM IMPLEMENTATION
TEXTBOOKS USED & DONATED TO HIGHER EDUCATION INSTITUTIONS

	<i>Title</i>
1	“AUDITING” : 5th edition: Alvin A. Arens, James K. Loebbecke /Translation into Russian, Chief Editor - Ia. Sokolov, 560 pag., 1995.
2	“PRINCIPLES OF ACCOUNTING” 4th edition: Belverd E. Needles, Henry R. Anderson, James. C. Caldwell /Translation into Russian, Chief Editor - Ia. Sokolov , Moscow, Financy i Statistica Publishing House, 496 pag., 1997.
3	“PRINCIPLES OF ACCOUNTING” 5th edition: Belverd E. Needles, Henry R. Anderson, James. C. Caldwell /Translation into Romanian, Scientific Editors: D. Oprea, V. Isan, Chisinau: ARC Publishing House, 1240 pag., 2000.
4.	“COST ACCOUNTING: A MANAGERIAL EMPHASIS” : Horngren C.T., Foster G., Translation into Russian, Chief Editor - Ia. Sokolov, Moscow, Financy i Statistica Publishing House, 416 pp., 1995.
5.	“FINANCIAL STATEMENTS ANALYSIS” 5th edition: Leopold A. Bernshtein, Ph.D., C.P.A. /Translation into Russian, Chief Editor - Ia. Sokolov, Moscow, Finansy i Statistica Publishing House, 624 pag., 1996.
6.	“ACCOUNTING THEORY” : M.R. Mathews, M.H.B. Perera; Translation into Russian, Chief Editor - Ia. Sokolov and I. Smirnova, Moscow, Financy i Statistica Publishing House, 624 pag., 1996.
7.	“MANAGERIAL ACCOUNTING: concepts for planning, control, decision making” /: Ray H. Garrison, Eric W. Noreen. – 7 th edition, ERWIN, 912 pag., 1994
8.	“FINANCIAL ACCOUNTING” : K. Waterstone, A. Britton. Translation into Russian, Moscow, FiS Publishing House, 328 pages, 1998.
9.	“COMPARED ACCOUNTING SYSTEMS” : Niculae Feleaga, – 2 nd edition in 5 volumes. – Volume I: Anglo Saxon Accounting Systems. – Bucharest, “Editura Economica” Publishing House, 352 pag., 1999.
10.	“COMPARED ACCOUNTING SYSTEMS” : Niculae Feleaga, – 2 nd edition. – Volume II: International Accounting Norms. Part I. – Bucharest, “Editura Economica” Publishing House, 360 pag., 2000.
11.	“COMPARED ACCOUNTING SYSTEMS” : Niculae Feleaga, – 2 nd edition. – Volume II: International Accounting Norms. Part II. – Bucharest, “Editura Economica” Publishing House, 256 pag., 2000.
12	“INTERNATIONAL ACCOUNTING STANDARDS” : IASC, Translation into Romanian, Bucharest, “Editura Economica” Publishing House, 2000.
13	“INTERNATIONAL ACCOUNTING STANDARDS” : IASC, Translation into Russian, Moscow, ? skeri, 2000.
14	“COMMENTARIES TO INTERNATIONAL ACCOUNTING STANDARDS” : V. F. Palii, Moscow, Askeri, 2000 .
15	“INTRODUCTION TO FINANCIAL MANAGEMENT” : Valerii Kovalev, Moscow, Financy i Statistica Publishing House, 768 pag., 1999.
16	“COLLECTION OF PROBLEMS ON FINANCIAL MANAGEMENT” : Valerii Kovalev, Moscow, Financy i Statistica Publishing House, 128 pag., 1997.

PUBLICATIONS

Used in NAS Implementation and Education Redesign

- 1. THE NEW ACCOUNTING SYSTEM FOR BUSINESS ENTITIES OF THE REPUBLIC OF MOLDOVA: Vol. 1 “NAS IMPLEMENTATION”** in Romanian (432 pages), Russian (454 pages) and English (371 pages), 1998
- 2. THE NEW ACCOUNTING SYSTEM FOR BUSINESS ENTITIES OF THE REPUBLIC OF MOLDOVA: Vol. 2 “TAX ACCOUNTING”** in Romanian (399 pages), Russian (448 pages) and English (332 pages), 1999
- 3. METHODOLOGY OF CONVERSION TO THE NEW ACCOUNTING SYSTEM. PREPARATION AND ANALYSIS OF FINANCIAL STATEMENTS:** in 1998 available in Romanian and Russian and English (233 pages)
- 4. PROCEDURES ON PREPARATION AND PRESENTATION OF INCOME TAX DECLARATION OF INDIVIDUALS INVOLVED IN ENTREPRENEURIAL ACTIVITY:** in 1999 available in Romanian and Russian (58 pages)
- 5. HOW TO AVOID ERRORS IN CALCULATING ENTERPRISE INCOME TAX AND ITS RECOGNITION IN ACCOUNTING:** in 2000 available in Russian and English (175 pages)
- 6. MANAGERIAL ACCOUNTING - PRACTICAL GUIDE:** in 2000 available in Romanian (264 pages), Russian (272 pages) and English (262 pages)

Used in Education Redesign:

- 7. FINANCIAL ACCOUNTING: Manual for students,** in Romanian (440 pages) – 1999 and Russian (480 pages) – 2000
- 8. PRESENTATION OF FINANCIAL REPORTS BASED ON A CASE STUDY:** in 1999, updated in 2000 available in Romanian and Russian (220 pages)
- 9. ADVANCED FINANCIAL ACCOUNTING:** in 1999 available in Romanian and Russian (110 pages)
- 10. ADVANCED AUDIT:** in 1999 available in Romanian and Russian (109 pages)
- 11. GUIDE FOR STUDENTS “AUDIT”:** in 1999 available in Romanian (205 pages)
- 12. FINANCIAL MANAGEMENT:** in 1999 available in Russian (97 pages)
- 13. BUSINESS LAW:** in 1999, and updated in 2000 available in Romanian, Russian (200 pages) and English (117 pages)
- 14. COMPUTER SKILLS:** in 1999 available in Russian (64 pages)

Used in Public Education

- 15. GUIDE FOR GENERAL DIRECTORS “WHY GENERAL DIRECTORS IN MOLDOVA NEED THE NEW ACCOUNTING SYSTEM”:** in 1998, available in Russian and English (33 pages)
- 16. HOW TO READ A MOLDOVAN FINANCIAL REPORT:** in 1998, available in Russian and English (54 pages)

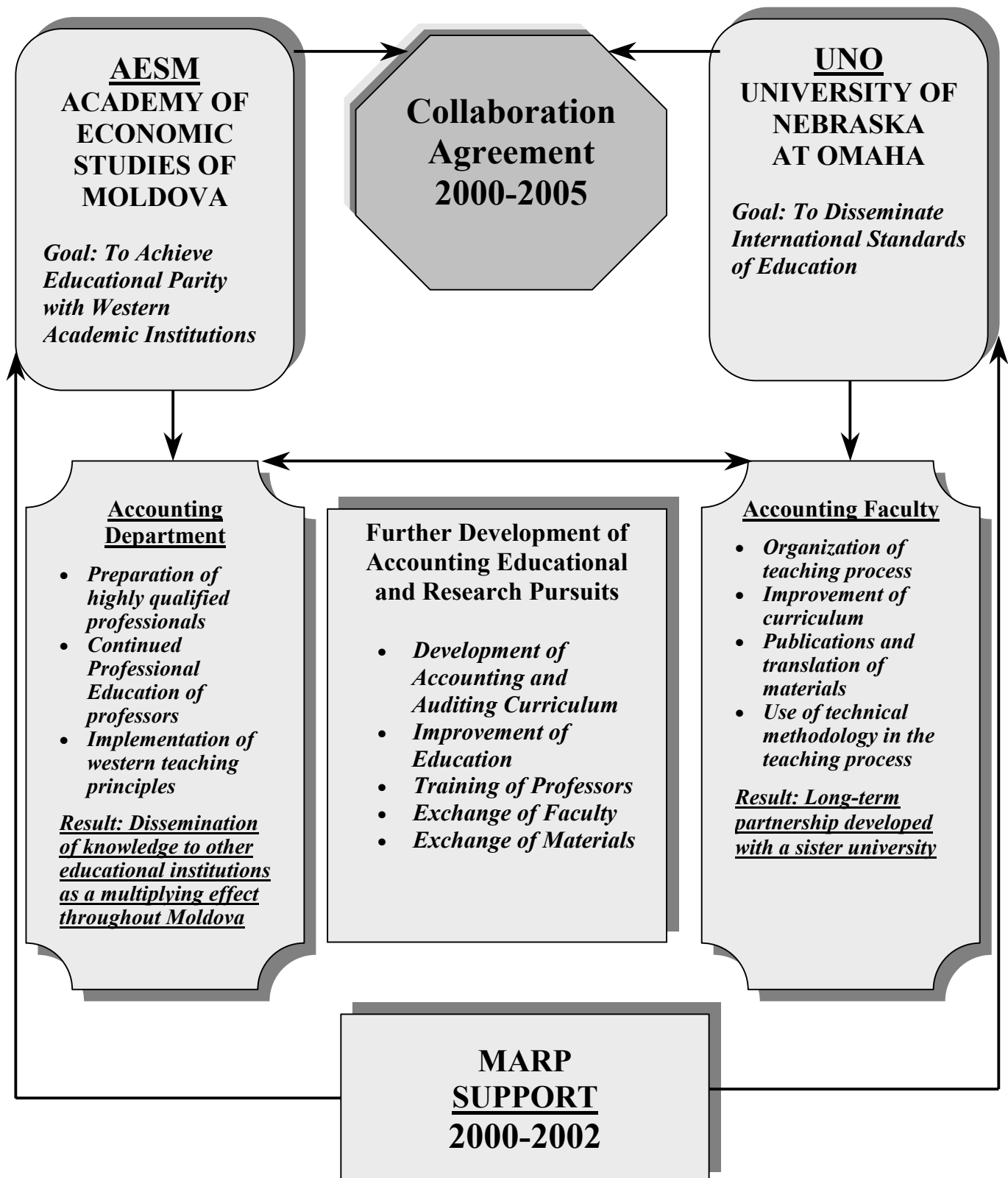
FEASIBILITY STUDY UNO – AESM

Project Proposals EWMI/MARP – UNO – AESM

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AESM-UNO LONG-TERM PARTNERSHIP



Republic of Moldova
Moldovan Accounting Reform Project (MARF)
Academic Cooperative Arrangements between the Academy of Economic Studies of Moldova
(AESM) and the University of Nebraska at Omaha (UNO)

Draft Project Components

BACKGROUND INFORMATION:

I. Scope of Project and Introduction

The Project envisages the active cooperation in the area of accounting and auditing between the Academy of Economic Studies of Moldova (AESM) and the University of Nebraska at Omaha (UNO) for a minimum period of two (2) years to be extended based upon funding arrangements and the mutual consent of the two parties involved.

It is envisaged that this academic cooperative arrangement will, during the first two years, be built into the contract that the Moldovan Accounting Reform Project (MARF) is currently negotiating with the U.S. Agency for International Development (USAID) as part of its ongoing activities in the Republic of Moldova, to be effective as of January 1, 2001. However the AESM-UNO agreement will be a distinct operational activity, although supported by and working with MARF in enhancing the accountancy development activities in Moldova. The academic and educational pursuits are to be in congruence with the accounting reform program of Moldova, while also integrating Moldova further into the international practice and educational sphere of operations, including conformities towards international accounting and auditing standards, efficient flow of international capital funds, and access to mutual capital markets and privatization endeavors.

The proposed project however will focus on the cooperation between AESM and UNO in the improvement of education, training, exchange of faculty and materials etc in accounting and auditing, which are seen as fundamental in the process of economic growth and development of Moldova.

AESM, by means of the Rector, Dr.Hrishev, the Chief of the Accounting and Auditing Department Dr.Tsurcanu and other senior officers of AESM have conveyed their sincere desire to have such an ongoing and durable agreement with UNO. The Dean of the School of Business (Stan Hille), and other officers of UNO also have expressed from their part their active interest is such a durable agreement.

The Rector of AESM and the Chancellor (Nancy Belck) of the University of Nebraska at Omaha recently (May 14, 2000) signed a "Collaboration Agreement" between their institutes for a period of 5 years (2000-2005). (See Annex A) Although no specific projects were set at that time, the underlying proposed project constitutes such a tangible cooperative arrangement, initially limited to the area of accounting and auditing in which field of AESM seeks substantial assistance in view of the great demands and pressure for improvements.

The Moldovan Accounting Reform Project (MARF), managed by Mr. Mike Neider, and under auspices East-West Management Institute (EWMI), part of Soros Foundation, has by means of funding from USAID and EWMI already made great contributions in the development and implementation of National Accounting and Auditing Standards in Moldova. MARF also contributed effectively in the training of Ministry of Finance and Tax Authorities employees, university professors and accounting practitioners. Furthermore, they have actively assisted the

Association of Professional Accounts and Auditors of the Republic of Moldova (ACAP) in its valuable pursuits. It is worth mentioning that ACAP is the first professional association from the Commonwealth of Independent States (CIS) that has been accepted by the International Federation of Accountants (IFAC) as an associate member. Interestingly, it should be noted that the ACAP has grown from 300 to over 1,500 members in the last two and a half years.

MARP will continue to carryout these activities, but they and others clearly feel a cooperative arrangement of substance is needed between AESM and an American University (University of Nebraska at Omaha) to further develop the accounting educational and research pursuits, the training of professors, exchange of more materials, texts, and faculty etc.

It is anticipated that the proposed arrangement with AESM in accounting and auditing will have a multiplying effect throughout Moldova, whereby the knowledge and materials obtained by faculty of AESM will be disseminated to other educational institutions in Moldova.

While other disciplines, such as finance, marketing, economics, etc. also warrant improvements at AESM, the proposed project had to be limited to accounting/auditing, although hopefully in the future further arrangements will follow for other academic disciplines at AESM.

For an outline of Accounting and Auditing Reform in Moldova, see Annex B.

AESM has developed a specific “working plan” for the years 2000-2002, which is reflected in Annex C to this report. It lists the assistance required for the new accounting curriculum implementation, however it does not specify the specific requirements quantified as will be done later on in this report

II. Parties Involved in Potential Project

A. Structure of the Institutions

The parties involved are Academy of Economic Studies of Moldova (AESM) and University of Nebraska at Omaha (UNOmaha), USA.

Academy of Economic Studies of the Republic of Moldova (AESM)

Academy of Economic Studies of the Republic of Moldova¹ is an educational and research institution subordinated, currently, to the Ministry of Education and Science.

The Academy functions “based on the Constitution, the Law on education and some special provisions from the legislation into force, international agreements and conventions, based on its own regulations and decisions, including the Statute and the Charter of AESM, adopted by the Senate on the 24th of May 1996” (quote from the Statute).

The supreme leading body is the Senate, which is elected every five years. The daily activity is headed by the Bureau of the Senate, which comprises the Rector, the Deputy-Rectors and the Scientific Secretary.

The Academy consists of six faculties: Management, Marketing, Accounting, Finance, International Economic Relations, Economic Statistics and Information; as well as college of Trade; Scientific Department; an External Relations Service; several Research and Training Centers; Information Science and Research Center; Library, Publishing and Printing House Department with a library, containing economic profile literature in different languages: Romanian, Russian, English, French, German, Spanish, Italian; Sports Complex.

The organizational chart of AESM is shown in Exhibit 1”Structure of the AESM” and the “AESM departments structure” - in Exhibit 2, shown in appendix of this report.

¹ The educational process is carried out in three modern buildings, situated at a relatively small distance from each other, which are:

- Block A — 61 Banulescu Bodoni St., which includes: 13 Auditoriums, 23 Classrooms for seminars, 6 Laboratories for Technology and Science of Commodities; 3 Classrooms designed for studying foreign languages
- Block B — 59 Banulescu Bodoni St., endowed with: 6 Auditoriums, 14 Classrooms for seminars, 16 Laboratories for studying foreign languages, 14 Computer Laboratories
- Block C — 50 Capriana St., supplied with: 14 Auditoriums, 20 Classrooms for seminars, 4 Phonetic Rooms, 1 Lecture Room of 300 seats.

University of Nebraska at Omaha (UNOmaha)

The University of Nebraska at Omaha (UNOmaha) is Nebraska's metropolitan university. UNOmaha is a comprehensive, public university located in Omaha, Nebraska's largest city. The campus is located in a park and residential neighborhood, and recently expanded to a second campus located one-half mile south of the main campus.

The University of Nebraska at Omaha is governed by the Board of Regents of the State of Nebraska and is one of four universities in the Nebraska University System. UNOmaha has more than 400 faculty members and 15,000 students, offers 95 baccalaureate degree programs and 66 advanced degree programs, including six doctoral programs. The university is organized into the colleges of Arts and Sciences, Business Administration, Continuing Studies, Education, Fine Arts, Information Science and Technology, and Public Affairs and Community Service. A diagram of the University's structure is shown as Exhibit 3 in the appendix of this report.

The students of the University of Nebraska at Omaha are a diverse group. Although the majority of students come from within a 100-mile radius of Omaha, one-third of the student population represents each state in the nation and 60 foreign countries. The age distribution of UNOmaha students is becoming the national model, with an even representation of students just out of high school and of older adults who are beginning or returning to college. Different ethnic backgrounds are also represented on the campus.

The Department of Accounting is one of four departments and two centers that make up the College of Business Administration. The four departments are Accounting; Economics; Finance, Banking and Law; and Management-Marketing. The College of Business also includes the Nebraska Business Development Center, which is a cooperative program between the U.S. Small Business Administration and UNOmaha, and the Institute of Applied Information Management, which was developed by area businesses, post-secondary schools, and the state government. The College of Business Administration is accredited by the AACSB. A diagram of the College of Business Administration is shown as Exhibit 4 in the appendix of this report.

The Department of Accounting at UNOmaha has a faculty of 16, and offers the Bachelor of Science in Business Administration (BSBA) degree with an emphasis in accounting, and the Master of Accounting (MAcc) degree. The objectives of the accounting program are to provide quality educational experiences for graduate and undergraduate students pursuing careers in accounting, to contribute to the expanding body of knowledge through faculty research and publication, and to enhance the relationships between the accounting program and various constituencies it serves through professional and community service activities.

Providing a contemporary accounting education for students requires that faculty in the department seek appropriate teaching methodologies and strive to incorporate the most recent developments in their discipline into the curriculum. The faculty of the accounting program is dedicated to providing students with the opportunity to acquire an excellent accounting education. Therefore, they try to create an environment that maximizes the development of critical skills such as problem solving, analysis, communication, and teamwork.

B. Historical developments at AESM and UNOmaha

Academy of Economic Studies of the Republic of Moldova (AESM)

The Academy of Economic Studies from Moldova was created by Decision of the Government of the Republic of Moldova, #531 as of September 25, 1991 within the Ministry of Education and Science of the Republic of Moldova, with the status of institution for higher education and scientific research in the field of economy, on the basis of the Faculties of Economy and Economy in Trade of the State University of Moldova, and the Institute of National Economy from Moldova of the Ministry of National Economy of the Republic of Moldova.

AESM began its activity on the 1st of October 1991 including a total number of 3815 students and 240 professors, who formed the teaching staff. Today there are over 9000 students enrolled, and about 700 professors, associate professors, lecturers and assistants who are now working at 23 Chair Departments. Since its inception over 8700 students have graduated.

The Faculty of Accounting and Audit includes three Chair Departments:

- Accounting and Audit
- Analysis of Economic-Financial Activity
- Philosophy and Political Science.

The Chair Department of Accounting was founded in 1958 within the State University of Moldova and was called at that time “Accounting and Statistics”, which included analysis of the economic activity. Operating at the AESM since 1991, the chair ensures the studying process for all the faculties.

There are 72 employees at the department, 42 of them are full-time employees and 30 part-timers. 35% of the staff have academic status, 60% are young teachers whose length of service varies from 1 to 6 years.

University of Nebraska at Omaha (UNOmaha)

The University of Nebraska at Omaha was founded as the University of Omaha by several community religious leaders in 1908. The University began with twenty-six students and grew slowly. In 1930, Omaha citizens agreed to a tax increase to support the university, and the university maintained steady growth. The College of Arts and Sciences was created to meet the growing demand for graduates of engineering and business programs. Because of an increased number of adults seeking degrees, a School of Adult Education opened in 1938. Such positive changes in the University led to an accreditation from the North Central Association. While supporting a strong liberal arts program as the core of the University, new academic programs were fostered. Although World War II curtailed some of this growth, the University had positioned itself for renewal after the war. A College of Education and a College of Business Administration were created early in the 1950s. The School of Adult Education became the College of Adult Education, and law enforcement and civil and industrial engineering instituted new degree programs. Also, the Graduate Division achieved college status.

The University became more popular with students and enrollment continued to grow throughout the 1960s. All of this growth outstripped the ability of Omaha's citizens to increase their taxes to support the University, so the University looked to the State of Nebraska for funding. On July 1, 1968, the Municipal University of Omaha became part of the University of Nebraska system and was named the University of Nebraska at Omaha. State funding provided the means for a rapid expansion of the physical plant while also increasing the number of faculty to staff the many

academic programs. The University continued to add new academic programs, and the Executive Master of Business Administration Program began in 1975. The University experienced near-explosive growth in the 1980s, both in enrollment and physical plant. Growth continued in the 1990s as well. The history of the University of Nebraska at Omaha shows how it developed quality facilities, programs, and faculty. The caliber of UNOmaha's student body reflects the quality of the campus. An increasing number of graduates provide leadership in many of the nation's top businesses and organizations.

C. Historical Cooperation between AESM and UNOmaha

ASEM has been a Sister University of UNOmaha since an original cooperation agreement was signed between the two Universities in 1993. The activities have included student, faculty, and cultural exchange, as well as joint research projects.

In 1996 a team of faculty from UNOmaha assisted in establishing the Moldovan-American Center for Private Initiative. This project was funded by a grant from the Euro-Asian Foundation. The director of the center is Ms. Elena Chislari.

In May 2000, a delegation from UNOmaha was hosted by ASEM. During this visit, Nancy Belek, Ph.D., Chancellor of UNOmaha, signed an agreement with Eugenii Hrishchev, Ph.D., Rector of ASEM, to continue and expand collaboration between the two Universities through 2005. A copy of the Collaboration Agreement is shown as Annex A.

III. Structure of Accounting Education and Training in Moldova

A. Accounting Development of AESM

Year by year, the Accounting department at AESM has increased their capability. A big contribution to this growth depends on the technical assistance of USAID Moldovan Accounting Project. Starting March of 1998, MARP has focused on:

- Training and Educational Curriculum Development
- Moldovan Accounting Education Reform
- Accounting Public Education Reform

For further information see an outline of Accounting and Audit Reform in Moldova at Annex B of the appendix.

The main results of USAID support are:

- Development and approval of the new accounting curricula (Decision of the AESM Senate as of March 25, 1999). Since September 1999, approximately 5 000 ASEM students began studying according to the new curriculum.
- Preparation of professors for the academic year in order to insure long-term professional capacity. Below is a list of training sessions and seminars organized by MARP in the period of 1998-2000:
 - Two 240-hour seminars “International Program in Accounting and Auditing” in 1998 for 53 professors, including 36 ASEM lecturers;
 - 258-hour seminar “International Accounting and Auditing Program: Part II” in 1999 for 63 professors, including 21 ASEM lecturers;
 - 23 specialized seminars – for 68 AESM lecturers
 - 64-hour training seminar “Managerial Accounting” in summer 2000 for 40 University professors, including 12 AESM lecturers;
 - 66-hour training on “Financial Management” in summer 2000 for 90 University professors and practitioners, including 7 AESM lecturers.
- Technical and consulting support in the areas, listed below:
 - 60 specialized publications (1,900 copies) and over 20 didactic brochures (660 copies) were donated to the AESM library, the accounting department and professors. The total cost of these donations is amounted to approximately \$15,000. In addition, one overhead projector was donated to the accounting department.
 - 12 US experts provided continuous consulting to Academia community in the area of accounting, auditing, economic analysis, management and other disciplines.
 - 5 roundtable discussions were organized at AESM on the improvement of the accounting discipline’ teaching methodology.

B. Increase in the Demand for Accounting Profession

The demand for the Faculty of Accounting has increased year by year. The new market economy and the difficulties of the transition period, has given the use to the new professional image of the accounting profession. More and more young specialists yearly graduate from this faculty and they are employed in various branches of national economy. Local enterprises are realizing the importance of hiring competent professional accountants, capable of determining the enterprise' financial strategy and making economic analysis of its activity. AESM faculty undergoes regular professional training, the fact that attracts and encourages more applicants and students each academic year. Nowadays, the total number of students, studying at this faculty is about 2,037 and 1,295 out of this number study full-time. It is worth mentioning that the correspondence section offers two terms of studies: three and five years. At the three-year section persons who have average specialized economic studies (graduates of specialized colleges), or higher economic education with another major are admitted.

Table 1. AESM – Total Enrollment and Graduation from Accounting Department by Years

Years	Students	Graduates
1991-1992	953	210
1992-1993	1,128	205
1993-1994	1,370	270
1994-1995	1,482	165
1995-1996	1,574	190
1996-1997	1,806	269
1997-1998	1,961	343
1998-1999	1,926	332
1999-2000	2,037	561

It is seen from above, that accounting major attracts more applicants even though some of the students have to cover their tuition fee by private contracts as the state funding decreases yearly. According to the data of the Ministry of Science and Education, national demand for professional accountants is estimated to be about 1,500 per year. Large number of students (around 40%) study by correspondence, combining their studies with the current employment.

IV. Moldovan Educational Policies in Accounting

Accounting educational policies in Moldova are based on legislation. According to the CONCEPT of Development of Education in the Republic of Moldova, during the last ten years the Republic of Moldova has accumulated high intellectual. The system of education of the Republic of Moldova takes and implements goals of education accepted by the world community.

The market economy trends impose a mentality change and, implicitly, the creation of a new system of teaching.

The educational policies at AESM are based on the Law on Education, Nr. 547-XIII, approved by Parliament as of July 21, 1995, (revised by Law # 844-XIX as of February 25, 2000), resolutions of the government and the Ministry of Education and Science, the AESM Charter, decisions of the Senate and the Faculty Board. The departments independently develop curricula and programs, including the necessary courses. The Dean's Office makes up syllabi and records students' movement.

Apart from the general legislation on education, the study of accounting is based on the specific principles, listed below:

- a) Normative documents on accounting of the Republic of Moldova:
 - Law on Accounting, approved by the Parliament of RM, # 427-XIII, dated April 4, 1995.
 - Law on Auditing Activity, approved by the Parliament of RM, # 729-XIII dated February 15, 1996.
 - National Accounting Standards, approved by the Ministry of Finance of RM, # 174, dated December 24, 1997.
 - Accounting Chart of Accounts, approved by the Ministry of Finance of RM, # 174 dated December 25, 1997.
 - National Standards on Auditing, approved by the Ministry of Finance of RM, # 62 dated July 12, 2000;
- b) Use of primary accounting records, journals, financial reports in the teaching process;
- c) Organization of internships at commercial enterprises;
- d) Need of profound knowledge of the Fiscal Code.

V. Deficiencies in Education

The deficiencies in the education system at AESM present a paradox. The educational successes of the past were linked to the skill requirements of a centrally-planned economy. Now the challenge is to restructure the system which accounted for these past accomplishments so that it may meet the new demands of an unplanned labor market and an open society. This restructuring must occur during a time of economic adjustment and fiscal constraints which has taken place during the transition to a market economy. The impact on higher educational institutes such as AESM is the decline and instability of adequate financing from the State Budget. Due to this lack of financing the following most significant deficiencies have been identified:

A. Limited Supply of Study Materials

Teaching at AESM is done in two languages: Romanian and Russian. At the Departments of International Economic Relations, Finance and Marketing some disciplines are also being taught in English, French and German. There is a lack of many didactic materials, textbooks, problems solutions' manuals, handouts, methodology guides etc, needed by the students. The table of AESM supply of materials in accounting and auditing is presented below:

Table 3. Supply of Accounting Materials at AESM

Discipline	Textbooks	Didactic Materials *	Problems Solutions' Manuals	Handouts**	Test Variants Etc.
Financial Accounting	Needs to be reprinted	+	—	—	—
Managerial Accounting	—	+	—	—	—
Trade Accounting	—	—	—	—	—
Basic Accounting Principles	—	+	—	—	—
Bank Accounting	—	—	—	—	—
Government Accounting	—	+	+	—	+
Comparative Accounting (International)	—	+	—	—	—
Accounting for Securities	—	—	—	—	—
Tax Accounting	—	—	—	—	—
Auditing	—	+	—	—	—

Note: “+” – supply of materials, “-“ – lack of materials

Didactic materials are secondary manuals, explaining some of the aspect in more detail.

Handouts include materials, prepared by a professor for the courses that have to be given to the students before the course.

The lack of materials is explained by the below factors:

- Limited experience in preparing this type of materials;
- Limited time (lecturers are overloaded by courses);
- Limited funding for publications (no support from state budget).

B. Lack of Faculty Training

Forty-two full-time professors work at the Department Chair, of which 2/3 of them have inadequate experience in writing textbooks or other didactic materials. All the professors of the Department and other educational institutions need to improve their skills in terms of development of syllabi (analytical programs), materials for lectures, preparation of problems and tests. In this area AESM professors would be instructed by visiting UNO professors and would show how to organize the studying process from the planning stage up to the final verification of knowledge. Some lecturers would visit UNO in order to improve their skills.

C. Inadequate Teaching Approach

Lectures in AESM are taught in the following way. Due to the fact that there are no manuals, most of the students' time is spent in classrooms. There are disciplines, which envision from 80 to 140 classroom hours per semester. In this case during lectures professors explain in detail the topics and the students take notes. Transparencies, handout materials are almost not used. Later students learn this material independently. At seminars students present the material from their notes. The end result is their knowledge of the subject is rather poor. Due to the fact that there are no problem solutions available as handouts, solutions are dictated during practical classes, and then students start resolving them. Due to the deficiencies in materials that necessitate an inefficient lecturing approach it is not surprising that these students are not prepared for examinations.

Teaching methodology needs to be changed in order to increase the efficiency of hours spent in classes. Outside of the classroom students should be using required learning materials to supplement the process.

The manner of verifying the knowledge should also be improved. The method of verification presently used at AESM is shown in Table 4.

Table 4. Grading System at AESM

Test 1 + 2	Current grade	Attendance	Final test	Total
20 %	10 %	10 %	60 %	100 %

Evaluation of knowledge is performed based on a 10-point system, of which 5-10 is considered to be satisfactory. Based on the percentage mentioned above, the final grade is given. UNO methods of verification need to be studied and adjusted to fit the AESM.

Other elements of the teaching process should also be modified, and namely: writing of course-papers and sitting for diplomas, fulfillment of internships, and organization of licensing exams.

Thus, in summarizing the above deficiencies need to be addressed:

1. Regular updating and improving curriculum.
2. Modifying the syllabus (analytical programs).
3. Planning the time dedicated to one discipline.
4. Increasing the level of interaction with students during classes (giving lectures, seminars, practical classes and laboratory work).
5. Improving students' knowledge assessment methods.
6. Modifying the organizational procedures on students' practice, annual course-papers and diplomas, and graduation exams.
7. Organizing the training process for Master and Ph.D. studies (post-university studies).
8. Providing adequate textbooks, learning material, teaching aids and equipment, i.e. computer lab, overhead projectors, and software.

VI. Need for Improved Accounting and Auditing Education, Training and Research in Moldova

In the Introduction (item I) of this report reference was already made to the need for accounting and auditing education etc. for the economic development of Moldova.

The accounting and auditing profession ultimately depends on providing quality education to students. MARP is working with the Moldovan Ministry of Education, the Academy of Economic Studies and regional universities to assess and improve their accounting and auditing curriculums. The goal of these curriculums is to produce graduates compatible to international level of knowledge.

Professors at the AESM received intensive training in the summer of 1998 and 1999 and will again in 2000 on financial, managerial, cost and tax accounting, auditing, business law and financial management. This training has allowed the AESM to implement a new accounting curriculum which is in line with US universities. In 2002, Moldova will see its first class of IAS-trained accountants and auditors graduate from the Academy. Meanwhile, ACAP and MARP have expanded their activities at regional universities, where they are training professors in topics such as basic accounting, managerial cost accounting, auditing, and analysis of financial statements. In the fall semester of 2000 it is estimated that more than 10,000 students throughout the republic will take one or more of these newly developed accounting courses.

The accounting educational reform process is a complex and difficult task, and it requires a political will and a clear insight as to how internationally accepted accounting and auditing systems could serve more effectively micro entities in Moldova and its economy per se. This does, in many cases, require a mental transformation process and patience. Educators and government officials and business managers have to be convinced such newer systems are more effective and efficient, and generate sound information for economic-financial analyses and decision-making. Merely substituting new systems wouldn't do, as the users need to become aware of the real benefits of such newer systems and procedures. It is the objective of the educators and trainers to make this apparent by means of materials, lectures, etc.

While translation of certain materials into the local language (Romanian) is very effective, there is a need for educators themselves to develop materials (texts and articles) geared to Moldovan circumstances, while teaching also should have such an orientation. Geared to this is the need for international (western) accepted norms, teaching methodologies, research methodology, case method orientations, communication skills (oral and written) and a whole series of concepts and applications which have become accepted in current teaching modes.

While part of such newer approaches can and will be implemented by domestic faculties, the assistance from foreign faculties familiar with such educational methods would speed up the learning process. Furthermore, the foreign technical assistance would be helpful in the development of case method teaching, improved learning methods (i.e. methodologies), writing of articles and texts, selection of texts materials for adaptation and translation, research endeavors and other educational structures and processes.

Considerable improvements have been made internationally, for example, in such areas: how to teach, how students learn best, various approaches of teaching, development of writing and communication skills, etc., all which have become an integral part of the modern educational process. For example, in accounting a strong move has been made away from pure procedural learning towards more conceptual learning, and many textbooks reflect such approaches.

However this approach poses different demands upon the educators. Research skills and methodologies are another area which have been subject to considerable modification, and it is the purpose of this accounting project to bring such approaches to Moldova, when and where such assistance is needed.

In turn, there is a need for Moldovan faculty to visit UNO – and possibly attend academic conferences in the U. S. – to become more familiar with circumstances and developments there, which would be of benefit to the visiting faculty and Moldovan accounting educational programs and reforms.

AESM administrators and faculty see another deficiency in their educational programs, i.e. the duplication of the materials that students study in different courses (for example: political economics and macroeconomics, financial management and economic analysis, managerial accounting and managerial diagnostics, etc.). Curricula envisage too many hours at classes (around 30-34 hrs per week) and very few hours for workshops and laboratories. Curricula are not supported by texts of lectures and problems.

As for text materials, the deficiencies conveyed by AESM were lack of textbooks, problem books and solutions manuals for most courses. The teacher actually dictates the content of materials at the lectures, the students copy problems from the blackboard or the teacher dictates problems and answers. This situation can be improved by financing publication of textbooks and copying materials for students. There is also a lack of overhead projectors and other equipment. Shortage of textbooks, solution manuals, materials for lectures, slides, and other training aids constitute a serious problem.

Implementation of new courses is furthermore held up by shortage of qualified teachers, large work load (an average of 20 hours per week), low incentives for teachers, shortage of facilities and lack of funds for copying materials.

The deficiencies in the current application of text materials are that courses are not suitable for world and local practice requirements. At the present time MARP helps to overcome this but it is not enough. Help of experienced U.S.A. or other professors is required to learn how effective teaching and learning should be done during training courses at academic institutions.

VII. Aims of Report

Transition to a market economy, independence and sovereignty gained by the Republic of Moldova had created the necessary background for the foundation of the Academy of Economic Studies.

This educational institution, as a main basis for training the economists from our republic, has a triple responsibility:

- 1) toward the young people, who have trustfully stepped its threshold;
- 2) toward the public at large, which is awaiting for some specialists able to participate efficiently at the acceleration of the transition process and, implicitly, at the improvement of the life conditions; and
- 3) toward the national economy, which is directly interested, both in the creation of a new relational system on the domestic level, and in promoting an economic policy oriented to tight external collaboration.

From the independence perspective of these three factors, our goal may not be another but transforming the Academy of Economic Studies from Moldova into a pylon-institution, of an international prestige, capable to offer all the conditions for the training of specialists, based on the scientific and teaching principles, that are mainly applied within the European Union and the United States. Since its creation until now, the Academy have managed to become a reputable educational center.

In previous sections it was already made apparent that some vast academic technical assistance will be required for AESM to achieve educational parity with western academic institutions, and to enhance accounting and auditing within the framework of economic development of Moldova. This also includes the improvement of professional skills of practitioners.

According to the data of the Ministry of Finance, there are more than 40,000 accountants in the Republic of Moldova, whereas all 85,000 business entities, operating in Moldova, should benefit from professional accounting services.

Accounting is the instrument for preparation and presentation of the information to customers and the way of effective business communication. The process of economic development in Moldova highly depends on the fact that the economic entities get timely and updated financial information for correct decision making. This task can be accomplished only by the highly qualified professionals who have strong background in economics, law, finance – accounting professionals. In the developed countries accountant is one of the key professionals of any business.

Adequate university education of accountants should be performed in compliance with the international standards of education, taking into consideration the development of the economic and financial relations of the Republic of Moldova with the European and other countries on the international level.

The main objective of this report is to set forth how some of the existing deficiencies can be alleviated partially with the academic assistance from the University of Nebraska at Omaha.

VIII. Assistance Desired to Achieve Objectives

It is important that a strong partnership is developed between AESM-UNO to address the existing deficiencies at AESM. Such a “collaboration agreement” has to be on a solid and long lasting bases to have an impact. This proposal will focus on the next two years. Close contacts will be needed to implement the warranted changes. Extensive funding will be required to achieve lasting results (see below and budget). AESM doesn’t have the funding available for such endeavors, and only 20% of the needs of AESM are covered from the State Budget. Other funds are received from contractual students.

The outside assistance for the development of course materials is envisaged as follows:

- Development of standard courses of lectures and lecture approaches;
- Ways of developing curricula;
- Combining lectures and workshops;
- Effective ways of developing cases and problems;
- Methods to be used for students’ evaluation;
- Ways of preparing term papers and graduate papers;
- Certification of teachers;
- Writing textbooks and articles.

In developing course materials, specific methodological assistance will also be required to define the structure and content of teaching manuals, lectures and practical exercises; testing students, to define testing criteria for lecturers; methodological instructions for term papers and theses and instructions for students’ practice.

It will also be necessary to obtain assistance into the development of textbooks on Accounting Principles, Accounting for Trade, Bank Accounting, Accounting for Industries, Accounting for Small Business; as well as to develop problem books and lab guide books for all the courses, and to translate a number of textbooks (from English) on Financial Accounting, Managerial Accounting, and Auditing.

Existing faculty will be available to develop such textbooks or cases, but there is a need for professional assistance from US professors. Experienced professors could help systematize and state the materials in a student-friendly way. Funds will be warranted for the translation and publication of textbooks and other materials. AESM does not have sufficient funds for the adequate faculty remuneration. It is necessary to offer faculty incentives for developing textbooks and other materials, at least for a period of time. It should be taken into consideration that English textbooks are not in full compliance with local conditions, and they need to be adapted to the latter.

The current methodology of teaching is also subject to change and assistance. The existing organization, which is not very effective, is:

- Lectures are delivered in two-academic hours’ sequences to a group from 70 to 90 students. While the lecturer speaks, the students listen and take notes. In addition to the lectures, the students are expected to read supplementary literature.
- Practical training (seminars) are held in individual groups in two-academic hours’ sequence and comprises question-answer sessions, problems’ solving, and presentation of papers.

Existing part time and full time faculty need to be upgraded through continued professional educational courses and practice at enterprises and firms, while more internships should also be

available in the U.S. Faculty exchanges are of prime necessity, whereby AESM should learn more from UNO professors in Moldova and in the U.S. about teaching methodology, text writing , etc. AESM faculty should preferably go in groups to UNO for several months over at least the next 2 years.

The specific vehicles most effective for such cooperation can be stated as follows (as per AESM.)

- a) exchange programs for faculty;
- b) special training programs at UNO for young faculty members;
- c) UNO faculty assistance in:
 - Organizing the teaching process;
 - Improving syllabi and curricula;
 - Improving the teaching methodology;
 - Publishing and translating literature; and
 - Using technical means of training, etc.

Many AESM faculty members need additional teaching and research experience. ASEM would look specifically on UNO faculty assistance for a two-year period, as follows:

- Two professors of financial and governmental accounting (three weeks during the spring semester 2001)
- Two professors of managerial accounting and auditing (three weeks during the fall semester 2001)
- Two professors of financial and information systems (three weeks during the spring semester 2002)
- Two professors of managerial accounting and auditing (three weeks during the fall semester 2002)

The UNO professor might provide classroom teaching 12-16 hours a week (2-4 hours a day). AESM will provide counterpart assistants from the accounting department, a translator. Living and work conditions will also be created.

AESM faculty is looking for the possibility to visit UNO for training and gaining advanced teaching experience for months. (total 12 persons, estimate).

2001 3 persons during the spring semester, 3 persons during the fall semester

2002 3 persons during the spring semester, 3 persons during the fall semester

Six will be trained in financial accounting, three in managerial accounting, and three in auditing.

Those 12 people will have the following affiliation:

- Three persons with Ph.D., senior lecturers with work experience of more than twenty years.
- Three persons with Ph.D. degree, senior professors with work experience of more than five years.
- Three persons are studying to get Ph.D., assistants with work experience from 1 to 3 years.
- Three persons are assistants with work experience from 2 to 4 years.

IX. Specific Inputs from UNOmaha and AESM

UNOmaha's College of Business and AESM are fully in support of this project. To that end, the visiting faculty will be provided with the support services needed for them to accomplish their work.

Support services provided by UNOmaha and AESM will include:

- Office
- Office furniture
- Secretarial support
- Office supplies
- Telephone
- Fax
- Use of conference rooms
- Library access with check-out privileges
- Computer and printer
 - connection to the internet
 - e-mail
 - connection to the campus network with access to all University owned databases and software
- Use of sports' facilities

X. Need for Foreign Technical Assistance in Moldova

As reflected in the Aims of Study and assistance to achieve the clear objectives of AESM (see item (see item VII) an extensive effort appears warranted to improve the educational and practice set up of accounting and related areas in Moldova. The specific inputs from both AESM and UNO are geared to serve these ends for the next two years, assuming funds can be secured from outside sources. Without such funding the needed elements of the project cannot be executed, as both universities involved do not have the resources to finance the needed cooperative aspects. The maximum that can be expected without any funding would be a casual visit by a UNO professor, however, AESM has been exposed to such visits from foreign academics which do not generate any lasting results. The cooperative agreement is to be based on clearly designed plans and programs as reflected in this report in order to have the needed impact for AESM and its sister and affiliated institutions in Moldova. The execution of the project is projected to benefit not only AESM and other training institutions in Moldova but also the professional organizations of accountants (ACAP) and the practitioners. It is envisaged that the visiting professors will also assist in the further development of professional materials for ACAP and its members. In turn, AESM faculty visiting UNO will bring back know-how and materials of benefit to ACAP and other professional organizations in Moldova.

Accordingly, the execution of the project is envisaged to be seen as a broad ranging exposure and attaining of knowledge to better serve the Moldovan financial management operations. A great number of Moldovan and international donor and development organizations have expressed the need for such assistance.

AESM in turn commits itself to offer a series of seminars, courses and lectures throughout Moldova to pass on its acquired knowledge to other institutions, organizations and individuals when and where needed. The technical assistance obtained, therefore, will be spread to other entities in Moldova, i. e. learning, professional and practice bodies.

XI. Budget

Year 2001

UNOmaha faculty to AESM: 4 faculty per year for 21 days each AESM faculty to UNOmaha: 6 faculty per year for 3 months each	UNOmaha (Approx. fair value)		Actual outside funds requested by UNOmaha	AESM (Approx. fair value)		Actual outside funds requested by ASEM
	calculation	Σ		calculation	Σ	
A	1	2	3	4	5	6
Furnished office (@ \$200 per month)	6 m. × 200 \$	1,200	—	1,5 m. × 80 \$	120	—
Secretarial support (@ \$50 per month)	6 m. × 50 \$	300	—	1,5 m. × 50 \$	75	—
Office supplies (@ \$20 per month)	6 m. × 20 \$	120	—	1,5 m. × 20 \$	30	—
Telephone		300	—		300	—
Fax		100	—		100	—
Use of conference rooms		100	—		100	—
Library access (3 @ \$25)x2	6 m. × 25 \$	150	—	1,5 m. × 25 \$	38	—
Computer and printer with network, internet, and e-mail (\$250 per computer per 3 months)	6 pers. × 250 \$	1,500	—	4 pers. × 125 \$	500	—
Waiver of tuition for classes attended (36Cr. Hrs @ \$285 per cr. hour)	36 h. × 285 \$	10,260	—	48 h. × 2 \$	96	—
UNOmaha Faculty:						
4 faculty per year for 21 days each						
Air Transportation (4@ \$1500)			6,000			
Lodging (21 days @ \$80 per day)x2			6,720			

A	1	2	3	4	5	6
Food and sundries (21 days @ \$20)x2			840			
Compensation (\$150x15)x6			13,500			
Overhead at 5% (\$30,03ex.30)			1,500			
AESM Faculty: 6 faculty per year for 3 month each						
Air transportation (6@ \$1500)						9,000
Lodging (3 months @ \$150)x2						4,500
Food and sundries (90 days @ \$30 per day x3)x2						16,200
Interpreters (10 hrs per week @ \$10 per hr)						2,400
Academic Conference attendance						3,000
Total		14,030	28,560		1,359	35,100

Year 2002

UNOmaha faculty to AESM: 4 faculty per year for 21 days each AESM faculty to UNOmaha: 6 faculty per year for 3 months each	UNOmaha (Approx. fair value)		Actual outside funds requested by UNOmaha	AESM (Approx. fair value)		Actual outside funds requested by ASEM
	calculation	Σ		calculation	Σ	
A	1	2	3	4	5	6
Furnished office (@ \$200 per month)	6 m. × 200 \$	1,200	–	1,5 m. × 80 \$	120	–
Secretarial support (@ \$50 per month)	6 m. × 50 \$	300	–	1,5 m. × 50 \$	75	–
Office supplies (@ \$20 per month)	6 m. × 20 \$	120	–	1,5 m. × 20 \$	30	–
Telephone		300	–		300	–
Fax		100	–		100	–
Use of conference rooms		100	–		100	–
Library access (3 @ \$25)x2	6 m. × 25 \$	150	–	1,5 m. × 25 \$	38	–
Computer and printer with network, internet, and e-mail (\$250 per computer per 3 months)	6 pers. × 250 \$	1,500	–	4 pers. × 125 \$	500	–
Waiver of tuition for classes attended (36Cr. Hrs @ \$285 per cr. hour)	36 h. × 285 \$	10,260	–	48 h. × 2 \$	96	–
UNOmaha Faculty:						
4 faculty per year for 21 days each						
Air Transportation (4@ \$1500)			6,000			
Lodging (21 days @ \$80 per day)x2			6,720			
Food and sundries (21 days @ \$20)x2			840			

A	1	2	3	4	5	6
Compensation (\$150x15)x6			13,500			
Overhead at 5% (\$30,03ex.30)			1,500			
AESM Faculty: 6 faculty per year for 3 month each						
Air transportation (6@ \$1500)						9,000
Lodging (3 months @ \$150)x2						4,500
Food and sundries (90 days @ \$30 per day x3)x2						16,200
Interpreters (10 hrs per week @ \$10 per hr)						2,400
Academic Conference attendance						3,000
Total		14,030	28,560		1,359	35,100
Grand total		28,060	57,120		2,718	70,200

Total outside requested funds: $57,120 + 70,200 = 127,320$.

XII. Projected Results of Project for Moldova

The results of the execution of the project can be seen of a triple nature:

1. Improvement in the various educational structures and bodies of knowledge in accounting, auditing at AESM, and the multiplying effect this will have at other institutions of learning in Moldova. The scope of such dissemination was already reflected in previous parts.
2. Further development and required change in professional and practice activities in Moldova, by means of further assistance in ACAP, practitioners, government and private organizations.
3. Economic impact of better financial management at micro institutions in the effective and efficient operation of financial institutions, banks, capital markets, government operators, managerial decisions, etc. The more effective operations in the financed activities of micro entities will tend to have a sizeable impact on the macroeconomic results of a nation. Accounting has been seen in many countries nowadays as a major vehicle in spurring economic growth and development. The effective application of accounting is not only limited to establishments and enterprises, but also to governmental and other not for profit organizations (such as schools, hospitals, etc)

It is expected by the parties involved, that the results of the project will have an impact beyond AESM during the period of the project (minimum 2 years).

XIII. Monitoring of the Project

The Project will be carefully monitored by two parties, and a joint committee will be established to review the results in a regular basis and report accordingly. These monitoring activities also will be reviewed by the two institutions (AESM and UNO) to determine that the activities pursued live up to the planned ones (i.e. the specific envisaged programs). Any deviations or major changes will be reported and acted on immediately, including any overuses of funds allocated.

It is also expected that, on a regular basis, other interested parties in Moldova will be informed of the progress results either by means of newsletters, articles, etc.

Furthermore as part of the project and the operations of MARP the public will be informed of the programs being made in Moldova to transform its education and practice systems.

Annexes & Exhibits

COLLABORATION AGREEMENT

The Academy of Economic Studies of Chişinău, Republic of Moldova and the University of Nebraska at Omaha, as the result of a productive co-operation during a period of more than seven years, agree to strengthen, diversify and amplify their collaboration/or the 2000–2005 period in correspondence with the following clauses established by both parties:

1. Both institutions will cooperate in the spirit of mutual understanding, advantage, and promotion of friendly relations.
2. Both institutions will contribute to the realization of various joint externally funded programs, including internships and short and long term training of faculties and staffs.
3. It is foreseen that the undergraduate exchange program will be continued on the basis of tuition scholarships, the students paying for all other expenses.
4. Both institutions will work toward establishing of an externally funded facility for English language distance learning within the framework of the Moldo-American Center for Private Initiative.
5. Both institutions will facilitate the exchange of publications between their respective libraries as well as exchanges of experiences, research and information.
6. Both institutions will work toward the possibility of offering University of Nebraska at Omaha courses in English within the framework of the Faculty of International Economic Relations with the ultimate objective of a cooperative degree program.
7. Scientific collaboration between the two institutions will be intensified, including the articulation of collaborative research plans, joint applications of research, and the organization of workshops, symposia and conferences.
8. Through the activities mentioned above, these institutions will directly contribute to the promotion of scientific - didactic, cultural and friendly relations between the Republic of Moldova and United States of America.

**May 14, 2000 Chişinău
Republic of Moldova**

***Rector of
The University of Nebraska at Omaha***

Signature
Professor Nancy Belck, Ph.D

***Rector of
The Academy of Economic Studies***

Signature
Professor Eugeniu Hrişcev, Ph.D

Seal

CONVENȚIE DE COLABORARE

Academia de Studii Economice din Chișinău, Republica Moldova și Universitatea Nebraska din Omaha, SUA, ca urmare a unei fructuoase conlucrări pe parcursul a peste șapte ani, au convenit să aprofundeze, să diversifice și să amplifice colaborarea dintre ele pentru perioada 2000-2005, în conformitate cu următoarele clauze:

1. Cele două instituții-surori vor coopera într-un spirit de bună înțelegere, prietenie și avantaj reciproc.
2. Ambele instituții vor contribui la realizarea diferitor programe comune, cu susținere financiară externă, practicînd stagii de scurtă și lungă durată a cadrelor didactice.
3. Se va practica și în continuare plecarea la studii a studenților (cu suportarea cheltuielilor pentru întreținere din contul surselor proprii).
4. Ambele instituții vor conlucra întru stabilirea unor facilități de finanțare externă pentru efectuarea unor studii la distanță în limba engleză în cadrul Centrului Moldo-American pentru Inițiativa Privată (MACIP).
5. Ambele instituții vor facilita schimbul de publicații dintre bibliotecile lor, precum și schimburile de experiență, de informație și cercetarea.
6. Ambele instituții vor conlucra în privința predării unor cursuri în limba engleză în cadrul Facultății de Relații Economice Internaționale, coordonate de către Universitatea Nebraska din Omaha, obiectivul principal fiind un program comun de obținere a licenței.
7. Se va aprofunda colaborarea în plan științific dintre cele două instituții, urmînd a fi materializată în: schimb de cercetători, proiecte comune de cercetare și implementare, organizarea de work-shop-uri, simpozioane, conferințe.
8. Prin intermediul activităților mai sus menționate, cele două instituții-surori vor contribui în mod direct la promovarea relațiilor didactico-științifice, culturale și, implicit, de prietenie dintre Republica Moldova și Statele Unite ale Americii.

14 mai 2000 în Chișinău, Republica Moldova

*Rectorul Universității Nebraska
din Omaha*

*Rectorul Academiei de
Studii Economice din Moldova*

Signature
Profesor Dr. Nancy Belck

Signature
Profesor Dr. Hab. Eugeniu Hrișcev

ACCOUNTING AND AUDITING REFORM IN MOLDOVA

The Republic of Moldova is committed to adopting international accounting and auditing standards. While this is not an easy process – indeed, it requires nothing less than a full scale reorganization of the way companies and individuals do business – its success is critical to the Moldovan economy. In the apt words of Moldova’s Minister of Finance Mihail Manoli, “accounting reform and the use of international standards will create favorable conditions for capital markets development, investment, and the integration of Moldova into the world economy.”

The Moldovan Accounting Reform Project (MARP), funded by the United States Agency for International Development (USAID) and managed by the East-West Management Institute, is providing integral assistance to Moldova’s transition to international accounting and auditing practices through the following three-pronged approach: (i) providing assistance to the Government in drafting and implementing new accounting and auditing standards based on international practices, and promoting these new standards through coordinated public education activities; (ii) building a self-sustaining association to promote accounting and auditing principles and to train and support professionals; and, (iii) insuring long-term professional capacity by developing new accounting and auditing curriculums with institutions of higher learning.

New Standards for a New Economy

In close coordination with the Ministry of Finance, MARP assists in development and implementation of new accounting and auditing standards in Moldova. These new systems of financial accounting based on International Accounting Standards (IAS) and financial audit are based on International Standards of Audit (ISA). The Ministry of Finance has adopted 18 new National Accounting Standards (NAS) based on IAS in 1998 and 1999 and 26 National Standards on Auditing (NSA) based on ISA in 2000. In addition to financial accounting and auditing reform, MARP works with the Ministry of Finance to reform tax accounting and auditing procedures, and to separate the systems of tax and financial accounting. MARP also assists private enterprises to implement more efficient managerial accounting procedures.

The MARP approach to implementing financial, tax, and managerial accounting and auditing standards focuses on making technical improvements, establishing the necessary institutional, legal and regulatory framework to ensure implementation of those improvements, fostering demand for the new procedures, and expanding the professional capacity of local accountants and auditors.

Issuing new standards is only a first step, for it is not standards but individuals that transform businesses. The MARP public education program conducts dozens of activities to increase demand for new standards. For example, the program organizes seminars for enterprise managers to explain the benefits international accounting practices will bring their businesses. To date, representatives of more than 2000 enterprises have attended these seminars. In addition, MARP publishes educational materials and brochures, conducts a 200-hour training course for beginning accountants, and organizes seminars on specialized topics such as the preparation of financial statements

A Professional Association is Born

At present, the Government estimates that 22,000 enterprises have converted to the NAS representing 95% of those mandated to do so. These enterprises require trained professional accountants, and MARP recognizes that this need can be met most effectively by local institutions.

In response, MARP has developed ACAP (Asociatia Contabililor si Auditorilor Profesioniști – the Association of Professional Accountants and Auditors), a self-regulating accounting and auditing association to conduct professional development, training, certification, and other programs. ACAP was the first accounting association in the former Soviet Union to be inducted as an associate member into the International Federation of Accountants (IFAC). According to IFAC Director General John Gruner, ACAP offers the best he has “ever seen from a young, developing organization.” ACAP’s success is evidenced by its steadily growing membership, from a small founding group in 1996 to today’s more than 1500 members. ACAP has a charter, by-laws, a Board of Directors and Chairperson, membership committees, and a salaried Executive Director and accountant. In addition, MARP has developed a financial plan, membership/public relations programs, and volunteer activities to ensure ACAP’s long-term viability.

ACAP Programs

Accountants and auditors across Moldova benefit from ACAP’s services. Aided by MARP, ACAP offers comprehensive training programs for professional accountants, auditors, and enterprise managers, and has developed a professional testing and certification program. Fifty ACAP trainers visit regional chapters and towns across Moldova, offering 10 courses in specialized topics such as “Methodology of Conversion to the New Accounting System and Procedure for the Preparation and Presentation of Financial Statements.”

ACAP and MARP have published three training manuals on the new accounting system, managerial accounting techniques and tax accounting which provide practical answers to common questions. MARP developed the material for these manuals from experience gained in transitioning enterprises to the new accounting standards. Over 17,000 copies of these manuals, designed to assist enterprises convert to international accounting practices, have been distributed. Volume two, which explains tax filings using the new accounting standards, sold more than 500 copies on the day after it was published.

The ACAP Certification Program in line with IFAC guidelines has been developed and implemented. To date there are 6 individuals who are now certified professional accountants (CPA) of ACAP. There are a number of others who have passed 1 or 2 parts of the 3 part examination. In addition ACAP has implemented a Continuing Professional Education program for the CPAs. With MARP’s assistance, ACAP has also implemented a Code of Professional Ethics and other professional guidelines.

Education and Curriculum Development: A New Path

The accounting and auditing profession ultimately depends on providing quality education to students. MARP is working with the Moldovan Ministry of Education, the Academy of Economic Studies and regional universities to assess and improve their accounting and auditing curriculums. The goal of these curriculums is to produce graduates at approximately the U.S. Certified Public Accountant level of knowledge.

Professors at the Academy of Economic Studies (AES) received intensive training in the summer of 1998 and 1999 and will again in 2000 on financial, managerial, cost and tax accounting, auditing, business law and financial management. This training has allowed the AES to implement a new accounting curriculum which is in line with US universities. In 2003, Moldova will see its first class of IAS-trained accountants and auditors graduate from the Academy. Meanwhile, ACAP and MARP have expanded their activities at regional universities, where they are training professors in topics such as basic accounting, managerial cost accounting, auditing, and analysis of financial

statements. In the fall semester of 2000 it is estimated that more than 10,000 students will take one or more of these newly developed accounting courses.

Conclusion

Moldova is a leader in accounting and auditing reform among the Newly Independent States of the former Soviet Union. This reform is difficult and requires tremendous political will, but conditions are already improving. More efficient asset allocation has begun to positively affect the bottom lines of many enterprises and international investments into Moldovan enterprises with reformed accounting practices are already on the rise. With the basic foundations of reform in place, Moldova is well on its way to reaching the goal of integration into the world economy.

**AESM WORKING PLAN
for the years of 2000 –2002**

Accomplishments for March 1998 – April 2000

Main beneficiaries: Accounting Department, AESM, professors of accounting, representing the academia community

1. Development and Approval of the New Accounting Curriculum

- Decision of the AESM Senate, dated March 25, 1999;
- Based on IFAC Guidelines # 7, Pre-qualification Education, Assessment of Professional Competence and Experience Requirements of Professional Accountants, CPA Examination, etc.
- Implementation began in September 1999. Around 5 000 AESM students study according to the new curriculum.

2. Preparation of Professors for the Academic Year

- Two 240-hour seminars “International Program in Accounting and Auditing” in 1998 for 53 professors, including 36 AESM teachers;
- 258-hour seminar “International Accounting and Auditing Program - Part II” in 1999 for 63 professors, including 21 AESM teachers;
- 23 different seminars for 68 AESM professors

Summer 2000:

- 64-hour training in Managerial accounting - for 40 university professors, including 12 AESM teachers
- 66-hour training in Financial Management – for 90 university professors and practitioners, including 6 AESM teachers

3. Technical and consulting support

- Around 65 types of specialized books (2,200 copies) and over 20 types didactic materials (660 copies) offered to AESM library, accounting department and professors. The total amount spent is approximately \$20,150 USD. In addition, an overhead projector was donated to accounting department.
- 12 US experts provide consulting in accounting, auditing, analysis, management and other issues to Academia community.
- 5 roundtable discussions were organized at AESM on improving teaching of accounting disciplines.

Work-plan for 2000 - 2002

There are no specific referrals on accounting in the Convention on Collaboration between AESM and UNO for 2000-2005, signed on May 14, 2000.

In this regard AESM Accounting Department proposed the following areas for collaboration between UNO, AESM and MARP:

I. Assistance in the New Accounting Curriculum Implementation

AESM needs assistance in the development of the following textbooks:

1. Particularities of accounting for industry specifics such as commerce, agriculture, construction, small business, insurance, securities, NGO
2. Accounting Theory
3. Accounting for Taxes
4. Managerial Accounting
5. Auditing
6. Comparative International Accounting
7. Government Accounting
8. Bank Accounting

II. Invitation of UNO Accounting Professors to AESM to Provide:

- Courses on Advanced Accounting, Audit, Managerial Accounting, Financial Analysis, Methodology of Accounting Disciplines' Teaching;
- Assistance in the development of the above-mentioned textbooks, cases, instructors and problem solution manuals.
- Conversion to intensive interactive studying methods
- Redesign of teaching methods
- Improvement of courses
- Improvement of the teaching techniques for the accounting discipline
- Teaching materials

III. Sending AESM Accounting Professors to UNO – Exchange of Experience

Implementation of this plan by accounting departments will contribute to further creation of long-term partnership, providing:

- continuing education
- sustainability
- exchange of experience, students, teachers, materials, books
- experience in project administration.

This might help AESM to become a member of IAMI – International Association of Management Institute.

Contact persons at UNO:

1. Dr. Stan Hille, Dean of the College of Business at UNO;
2. Dr. Louis Pol – Associate Dean at College of Business at UNO;
3. Dr. Jack Armitage – Chairman of the Accounting Department;
4. Dr. Larry Trussell – faculty member, part-time, former Dean of the College of business, faculty accountant.

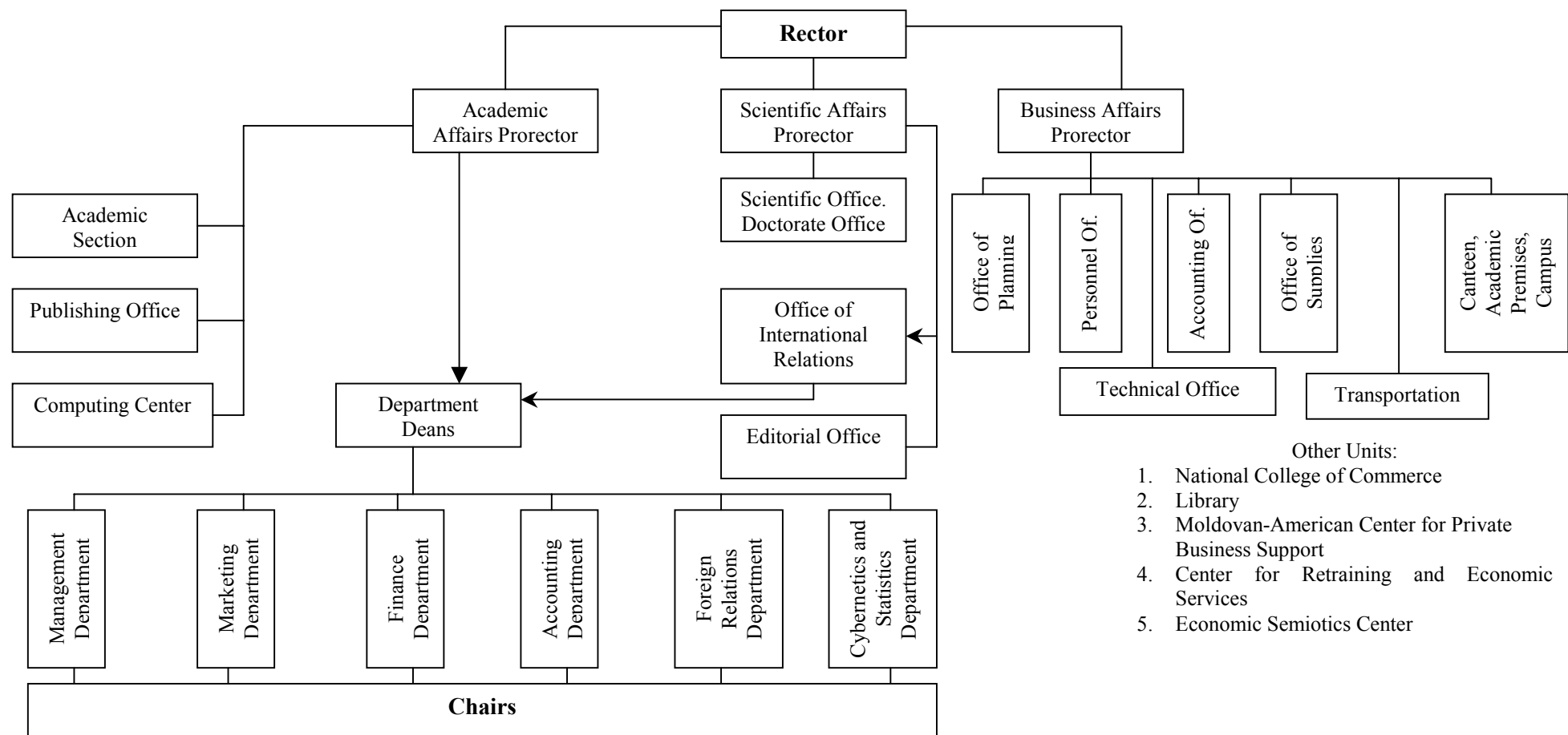


Exhibit 1. ACADEMY OF ECONOMIC STUDIES
Chart of Organization

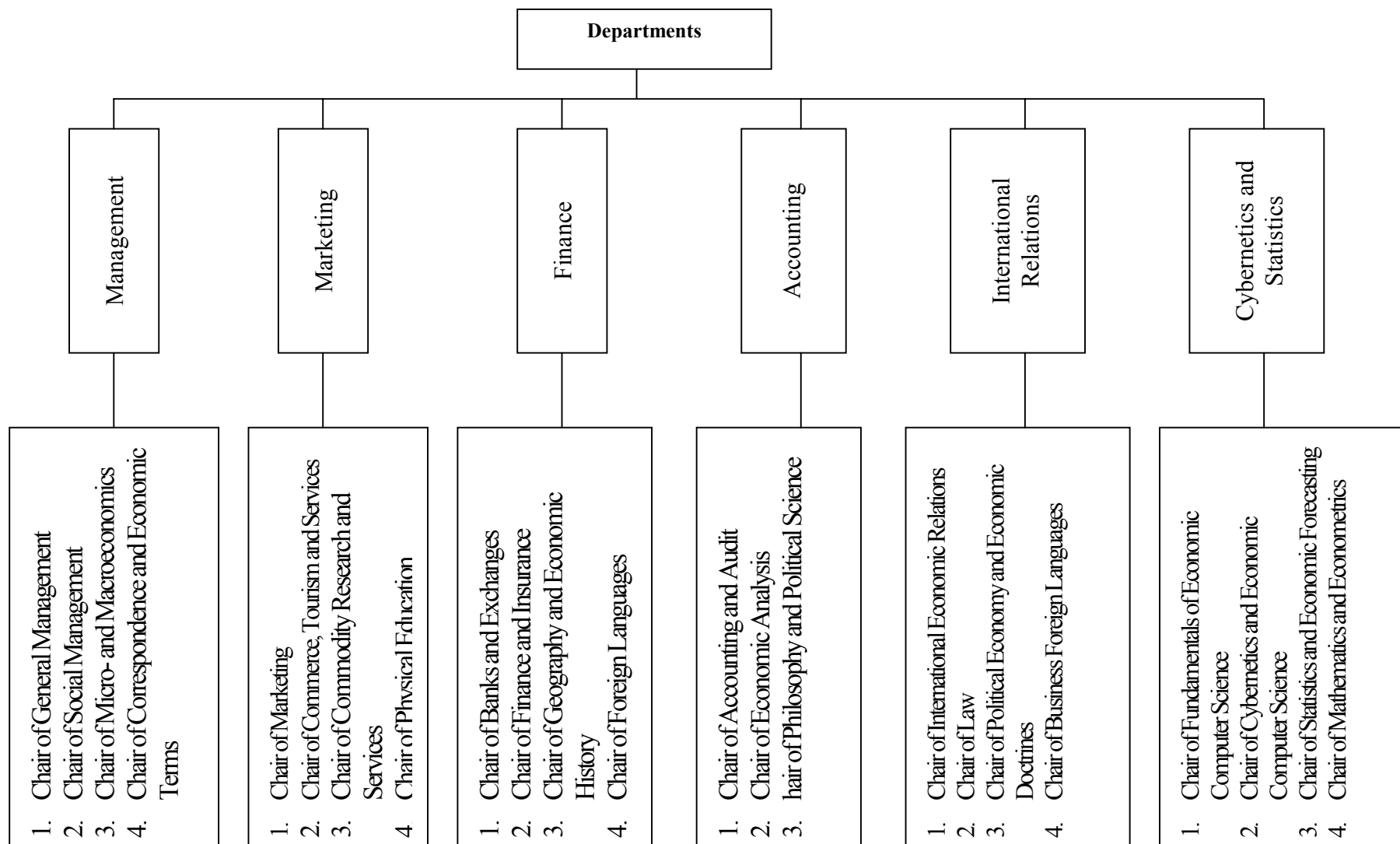


Exhibit 2. AESM DEPARTMENTS STRUCTURE

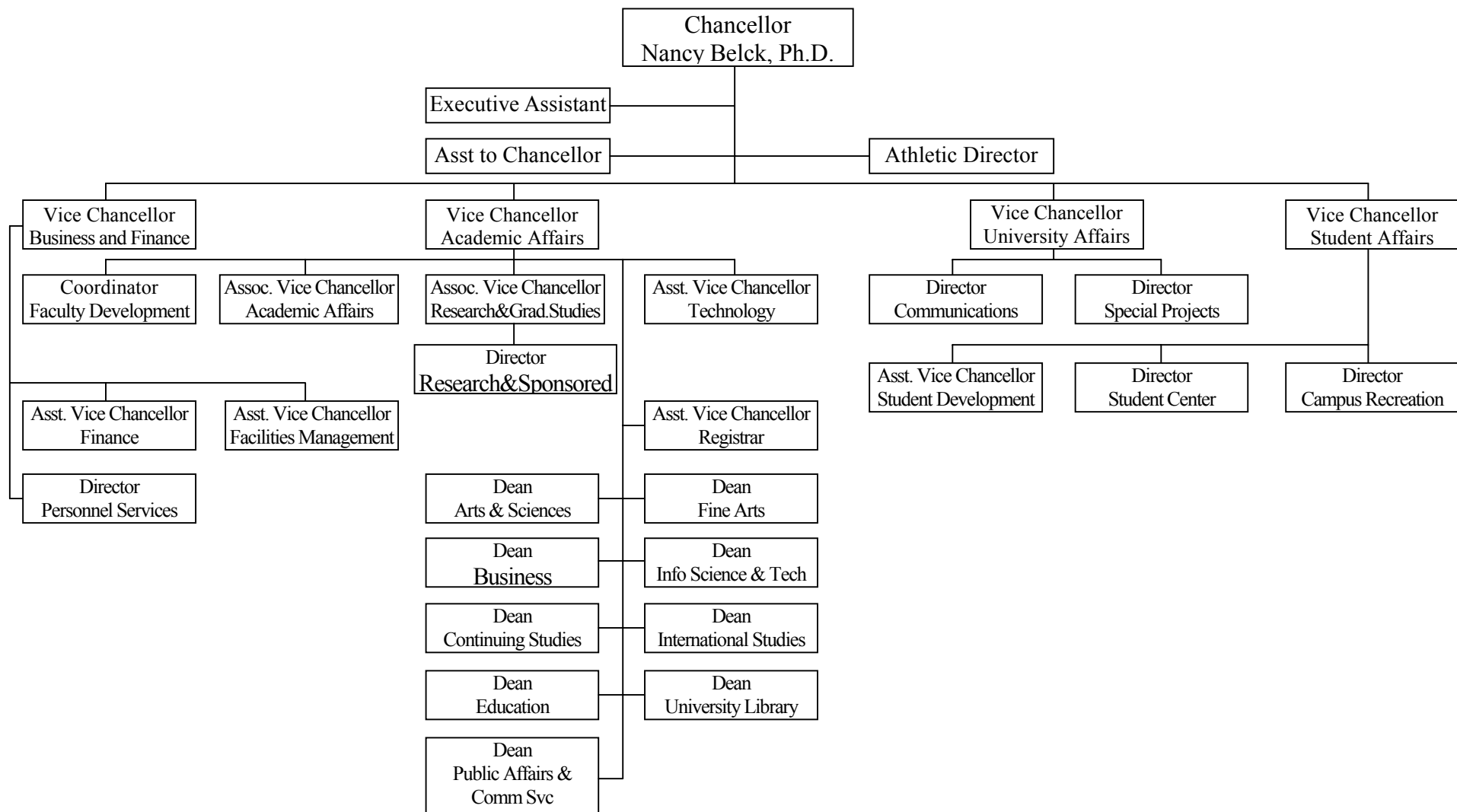


Exhibit 3. UNIVERSITY OF NEBRASKA AT OMAHA ORGANIZATION CHART

CPC Evolution Vs Graduates' Output

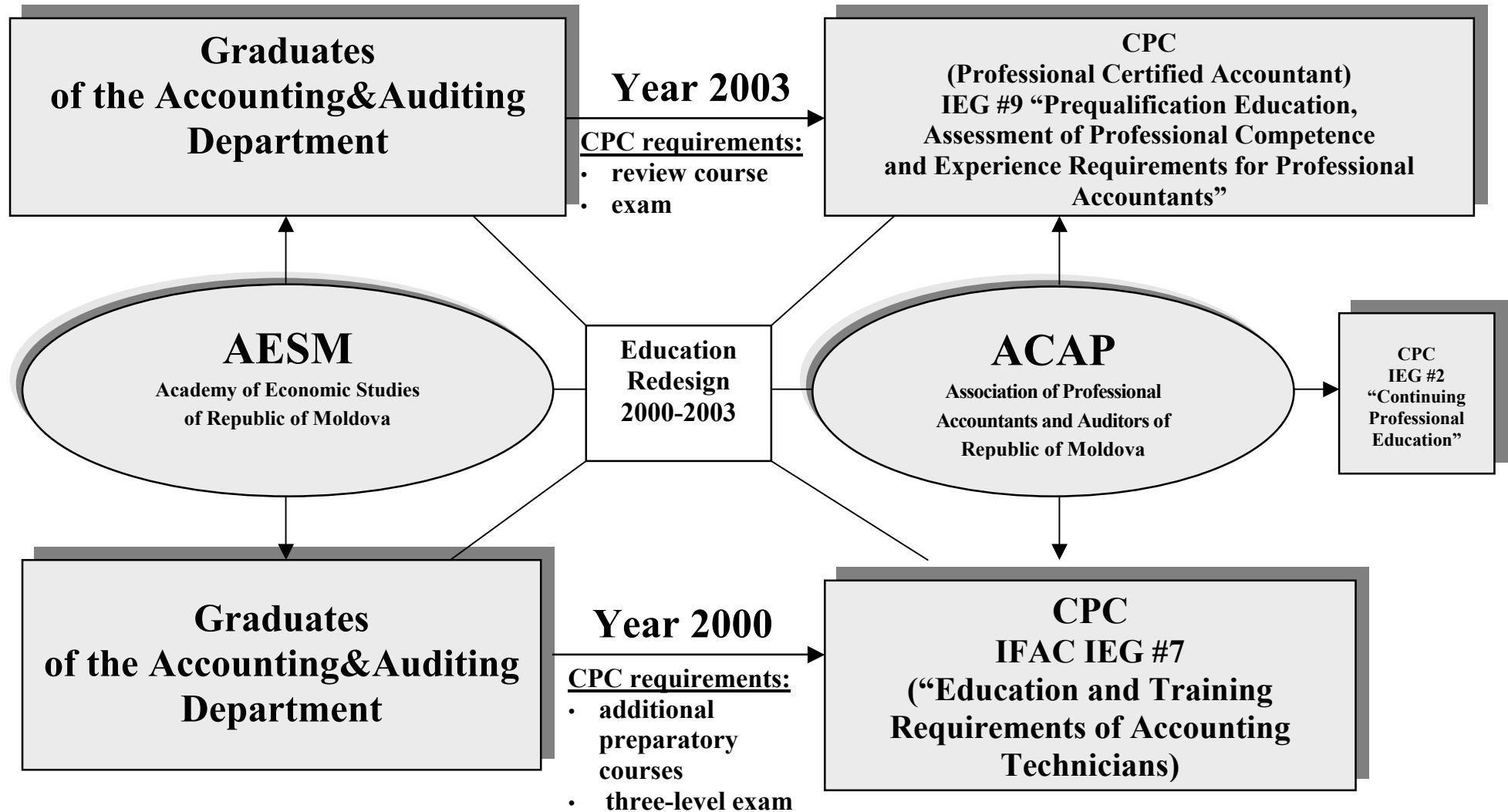


Exhibit 4. CPC EVOLUTION VS GRADUATE OUTPUT